The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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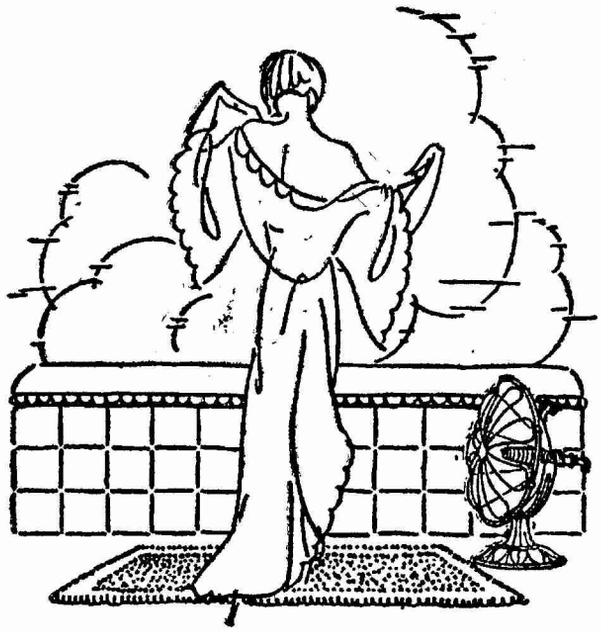

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Formerly Millard's Review

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WASHINGTON OFFICE
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NIPPON'S GHASTLY JOKE!

THE Japanese individually are generally without a sense of humor, as anyone who ever attempted to joke with a son of Nippon will testify, but despite their inability to become facetious, the Japanese as a nation have been responsible for the most stupendous joke of the century. It requires a little explanation to get at the point of this joke, but the point is there nevertheless. The European Powers, prior to the world war, followed a generally imperialistic policy in Asia which is another way of stating they grabbed what they wanted without regard to whose property they were taking. As a direct result of this policy they brought down on their heads a major catastrophe — the world war. As a direct result of the world war the European Powers so weakened themselves that there came a realization of the futility of international policies such as they had heretofore been following. Therefore, they decided to change the rules, but in the meantime they took steps to hang on to what they had acquired by the old methods. Of the Powers which participated in the world war, only two emerged with a whole skin — America and Japan. America and Japan amassed considerable wealth out of the war, but America acquired no real-estate; Japan did acquire considerable new property in the form of the former German south sea islands.

The chief inspiration for creating a new deal among the nations as a result of the world war, came from the United States, but this altruism was not confined to America. It found a response among large groups in all countries, Great Britain, France, Germany, Russia, Italy and to a limited extent in Japan. As a result there was created the Covenant of the League and shortly afterward the various Washington Conference treaties and more recently the so-called Kellogg Anti-War pact. The object of these treaties was to make nations more civilized in their relations with each other than had been the case in the past days of cave-man tactics. Some of the rulers of states who signed these agreements did so with their tongues in their cheeks, but they signed nevertheless. Japan signed with her tongue in her cheek and her fingers crossed in addition.

That the so-called imperialistic groups in the various countries had little or no faith in the new arrangement, particularly in Asia, was indicated in the flood of propaganda, particularly books,

which suddenly appeared on the market designed to prove that Asiatics (excepting the Japanese), but particularly the Chinese, were incapable of governing themselves. Much of this propaganda was inspired directly or indirectly by the Japanese, but it found a ready market among those in other countries who were similarly inclined. The Japanese therefore bided their time and in due course came the world depression, also an aftermath of the world war.

Observing all the nations involved in a most devastating financial and economic depression, so serious as to threaten the very existence of their political and social institutions, the Japanese decided the time had arrived for perpetrating their joke. And the Japanese did just that, using in the process all of the familiar methods of old diplomacy, including even the phraseology. That the Japanese appreciate the situation has been indicated in some of the statements of their official and unofficial spokesmen. Shortly following the original Japanese move in Mukden in the fall of 1931, one Japanese spokesman declared that the world owed the Japanese a debt of gratitude for proving that the world had not really changed and that the new fangled schemes for preserving peace were not worth the paper they were written on. Yusuke Tsurumi, well known Japanese publicist who has taken a prominent part in various "altruistic" gatherings designed to bring about a better era in the relations of nations, in a speech before the Dairen Rotary Club several months ago told the Japanese members of that organization they would have no trouble putting over their ambitious plans, but they should watch their steps five years in the future after the other nations had recovered their strength. Recently the same Yusuke Tsurumi, upon his return to Japan from an international lecture tour, told the Japanese newspapers in effect that Japan now has nothing to worry about, "because Great Britain under a Conservative government, is extremely friendly to Japan." As for America, Mr. Tsurumi was not quite so positive but he declared that the anti-Japanese sentiment which prevailed in the United States last year has moderated considerably, "as the American public has now come to understand more fully the Japanese stand." Apparently, Mr. Tsurumi has great hopes for the coming Roosevelt administration, "because Mr. Roosevelt's administration will consist of men believed to be well-versed in Japanese affairs." The main consideration of the United States, in his opinion, was not the Manchurian question, but how to cope with the depression. On this latter point, Mr. Tsurumi probably was 100--percent correct.

Thus is the world feeling the effect of Nippon's practical joke. America, not being in a position to meet the issue of Japan's imperialistic expansion, has finally remembered she promised the Filipinos their independence. An Englishman has just written a book suggesting it might be a good thing if Britain "retreated" to Singapore and ceased worrying about Hongkong. France, interested in the dominance of Europe, has decided to make the best of the situation in the Orient by selling Japan the wherewithal to complete the job. The Russians, being the first to appreciate the Japanese joke, obligingly stepped aside in order to permit the imperialists to fight it out among themselves, knowing full well that all will be weakened and Russia ultimately strengthened.

However, there is one point which the Japanese punsters probably have overlooked — the possibility that a practical joke sometime "backfires," or reacts upon the perpetrators. This happened in the Near East following the world war. Greece had a great ambition to become a world power, somewhat along the lines of her ancient grandeur. To put it over they borrowed money right and left, from Britain, France and Wall Street. Then they started out to swallow ancient Turkey, proverbial "sick-man of Asia." in which attempt they had the undisguised support of the European imperialists. But the joke back-fired. The sick-man of Asia, battered almost beyond recognition, suddenly came to life and with the moral support of a far-sighted American Admiral, the Young Turks drove the Greeks into the sea. One wonders whether the other sick-man of Asia, also battered almost beyond recognition, will not ultimately come to life and turn the Japanese joke back upon the perpetrator and also upon those who have participated in this example of international humor!

JAPANESE SENTENCE AHN CHANG-HO TO FOUR YEARS' IMPRISONMENT

AHN CHANG-HO, the aged Korean whom the Japanese military police kidnapped in the Shanghai French Concession, early in the spring of last year, has been sentenced to four years' imprisonment in a Korean jail. The following report of Mr. Ahn's trial, reprinted from the *Seoul Press* (Korea) appeared in the *Japan Chronicle* on Dec. 4,

> The case of Ahn Chang Ho (aged 61), leader of Korean independence movement, arrested in Shanghai in spring last, charged with violation of the Peace Preservation Law, was given hearing at the Seoul Local Court of Justice on December 19th, at 10.30 a.m. with Judge Yamashita presiding. Since the annexation of Korea by Japan the accused has been carrying on Korean national movement with America and Shanghai as centres until his arrest, which took place in Shanghai in sping last. In spite of rain falling in torrents, on the day of trial, the spectators' gallery was filled to its utmost capacity. Under strict guard Ahn entered the court room, pale in face and apparently fatigued. At the appointed hour the Judge proclaimed the trial open and the Public Procurator set forth the reasons for his prosecution. After putting questions to the accused with regard to his address, name and age the Judge requested all spectators to leave the court at 11.30 a.m. The trial then was held *in camera*. The judge sentenced the accused to four years' imprisonment.

The facts regarding Mr. Ahn are approximately as follows: He left Korea at the time that unfortunate country was annexed by Japan (about 1910) and since has resided in the United States and China having taken out Chinese citizenship papers. His wife and children, some of whom are American citizens, reside in Los Angeles. He had never participated in any acts of violence against the Japanese but had served as an official in various independence societies maintained by Korean emigrees in China and the United States. Following his seizure by the Japanese military police in the French Concession at Shanghai in the spring of last year, Mr. Ahn was taken to Korea where he was held in jail for approximately nine months before being

brought to trial. The *Japan Chronicle* (British paper at Kobe) in commenting on Mr. Ahn's trial declared, "It would be of some interest to know how Mr. Ahn escaped arrest for so long, and whether those Koreans who left the country at the time of annexation are really Japanese subjects. There seems also to be some lack of consistency as to where Korean offenders are to be tried. It would probably be a good rule, in the case of men arrested abroad for offences committed abroad, to have them tried in Tokyo, where there is a certain broadness of judicial view that is lacking elsewhere."

Since Mr. Ahn is of advanced years and in enfeebled health he probably will not survive his jail sentence in a Japanese military prison. But this, obviously, will not put an end to the activities of the Korean revolutionists; rather the contrary. On December 30 the official Japanese *Rengo* service issued a report from Tokyo alleging that Korean "communists" were involved in an attempt to assassinate Gen. Nobuyoshi Muto, commander of the Japanese army in Manchuria and ambassador to Manchukuo. The Japanese report alleged that when Sunzan Boku, the leader of the group, was arrested he confessed to the Japanese gendarmes that he and his Chinese associates "had been furnished with revolvers, bombs and funds by certain pro-Chinese Americans some two months ago."

Japanese Occupy Shanhaikwan---Intend to Destroy Kuomintang

AMIDST a mass of conflicting reports as to details regarding the situation at Shanhaikwan, just inside the Great Wall on the coast of Gulf Pechihli, two facts stand out, namely that the Japanese troops occupied the city at 2 p.m. on January 3, and that they, by propaganda and the dissemination of false news during several weeks preceding the occupation had built up a "case" or an excuse for doing so. In the same way as the original onslaught on Mukden on September 18, 1931, was based on an alleged blowing up of rails on the South Manchurian railway —a pretext so flimsy that the official records of the railway themselves showed that there was not even a minute's delay in the arrival of trains at their various destinations—so in the case of Shanhaikwan, in addition to the various other reasons that had been intimated during the past several weeks by the Japanese, the particular reason alleged for the onslaught on that city was that two live bombs had been "discovered" in a Japanese gendarmerie station at Shanhaikwan. As T. V. Soong, Acting President of the Executive Yuan, quite pertinently stated in an interview immediately after the incident, "The two live bombs 'discovered' in a Japanese gendarmerie station at Shanhaikwan, which is the pretext for the latest Japanese drive in the North, may go down in history alongside the mythical explosion on the South Manchuria railway tracks on the fateful night of September 19, 1931." (Mr. Soong's complete statement appears further on in this narrative.)

WHAT THE JAPANESE ALLEGE AS REGARDS SHANHAIKWAN

The Rengo News Agency on January 3 printed the following interview with a spokesman of the Japanese legation regarding the Shanhaikwan situation:

It will be recalled that the incident which took place at Shanhaikwan on December 8 last between the Japanese and Chinese troops was amicably settled between the military authorities of the two countries on the spot. Nevertheless, upon the closing of the Third Plenary Session of the Kuomintang, the Chinese volunteers outside the Great Wall have suddenly started great activities, whereas Marshal Chang Hsueh-liang has mobilized three brigades of troops under his command beyond the Great Wall, a part of these troops having already advanced as far as Kankouchen and Lingyuan, Marshal Chang, while shifting a large number of his troops across the Great Wall, has been transporting large quantities of arms and ammunition into the area beyond the Great Wall. As a consequence, the situation in the district above mentioned has become considerably strained.

"Under these circumstances, the Japanese authorities in Peiping, on December 30 and 31 called on the Chinese highest authorities there, and after calling the latter's attention to the gravity of the situation outside of the Great Wall, plainly told them that if the Chinese side should continue military actions in this manner, the Japanese authorities could not but regard such Chinese actions as the ones hostile to Japanese, and at the same time asked the latter for their explanations as to the mobilization of Chinese regular troops beyond the Great Wall. In reply, the Chinese authorities, in no uncertain terms, stated that although the movement of the said three brigades of the Chinese troops across the Great Wall was due to instructions from the Central Government in comformity with the passage of a motion advocating the strong policy against Japan which was submitted to the Third Plenary Session by Dr. C. C. Wu and others, the Chinese troops had no intention, whatsoever of commencing any hostile operations against the Japanese troops.

"The situation in the area outside the Great Wall, with the Chinese regular forces and the Japanese units holding their own against each other, has thus become extremely strained. While this grave aspect remained unabated, on January 1 at about 9:20 p.m., some one hurled two bombs and fired two rounds of rifle bullets into the premises of the headquarters of the Japanese gendarmerie at Shanhaikwan. Just about the same time, two other bombs were thrown into the premises of the Shanhaikwan railway station near the spot where Japanese sentries were being posted and another bomb was hurled at a police unit of Manchoukuo. In the meantime, negotiations were opened with the Chinese authorities concerned with the object of bringing about a peaceful solution of the affair, and a part of the Japanese garrison, in accordance with arrangements with the Chinese side, was to be temporarily posted at Nankou for the maintenance of peace and order.

"When the foregoing arrangements were about to be carried out on Jan. 3 the Chinese troops stationed in the above sector suddenly fired at the Japanese detachment at about noon, killing Lieutenant Kodama and wounding two privates. The Japanese force, thereupon, was compelled to respond to the fire and it is reported that the fighting just started is still going on between the two belligerent forces. While the above are the circumstances that led to the outbreak of the unfortunate incident, it must be mentioned, in this connection, that the actual cause of the incident is that the Chinese side has of late been instigating sentiments of the Chinese populace against Japan in conformity with the anti-Japanese motions passed at the Third Plenary Session of the Kuomintang, coupled with the fact that orders, if any, issued by the Chinese military commanders, have not been completely driven home to the hearts of their subordinates."

The real point in the Japanese statement is contained in the last paragraph. What the Japanese oligarchy fears in China more than any-

thing else is the spirit of republicanism which is growing in China, despite all apparent indications to the contrary. The Kuomintang is anathema to the Japanese ruling class because its spirit runs directly contrary to the existing political ideas in the Island Empire, which is the last stronghold in the world of Kaiserism—and be it remembered that the word "Kaiser" is merely the German form of the word "Caesar," just as "Czar" is the Russian form of it. The C. E. C. decision taken at the recent plenary session of the Central Executive Committee at Nanking to resist Japanese aggression in China is for the Japanese almost the same thing as a red rag to a bull. The Japan-military authorities issued a statement at Tokyo December 24 following the C. E. C. decision above referred to. The meeting is referred to by the Japanese as a "secret" one. The main points of the Japanese military statement are as follows:

"What deserves the largest measure of attention by the Japanese military authorities refers to the anti-Japanese measures discussed and adopted. These measures include a plan to take positive action to recover the lost territory, especially by operations through Jehol, increased armaments generally—increase of air forces particularly—, aid to the volunteers, and drastic execution of the boycott of Japanese goods. For the attainment of these objects, the Kuomintang is credited with the intention of cementing relations with America and Russia in pursuit of China's traditional policy of playing off one foreign country against another and of befriending distant Powers to attack her neighbors. The true motives of the Kuomintang are to fan up strong hostility of the Chinese people against Japan so as to effect a temporary unity of the nation, thereby glossing over the internal state of anarchy in the eyes of the outside world. Such tactics are, in effect, a serious menace to the peace of the Far East. Although they are not likely to succeed, the underlying ideas cannot be lightly ignored. In view of the developments of the Manchurian problem, the impression is steadily growing among the sensible people of all countries that it is more urgent to dispose of all causes deterrent to peace than to make futile efforts to apply hard and fast rules to the settlement of problems occurring in places where altogether different conditions rule. This is, indeed, the only way to prevent a second world war and to establish permanent peace."

"The Shanhaikwan Bomb Will Go Down in History"—T. V. Soong

Interviewed by the *Kuo Min News Agency*, T. V. Soong, Acting President of the Executive Yuan, said Jan. 3.

"The two live bombs "discovered" in a Japanese gendarmerie station at Shanhaikwan, which is the pretext for the latest Japanese drive in the North, may go down to history alongside with the mythical explosion on the South Manchurian Railway tracks on the fateful night of September 18, 1931.

"It is not difficult to divine the motives of this drive, Jehol, the gateway of North China and Mongolia, has long been coveted by Japanese militarists, but as an attack on that mountainous province in mid-winter presents difficult problems, it is hoped that pressure on Tientsin and Peiping through Shanhaikwan might result in its surrender without serious fighting.

"Thus at the beginning of 1933, as at the beginning of 1932, the shadow of Japanese militarism casts a gloom over a world desperately in need of peace. The Chinese people, which is in the throes of re-adjustment to modern conditions, is ill prepared to resist the powerful military machine of Japan. But the country will, I am sure, meet the menace with the same courage and fortitude as it had shown in the year just gone by."

America and Moscow Predict Further Japanese Drives

In both Washington and Moscow the opinion was voiced that the Japanese invasion inside the Great Wall marked the beginning of another far-flung drive on Chinese territory. No suggestion was made in any official quarter, however, for any counter-action. The American Secretary of State, Colonel Stimson, reiterated that the United States would not recognize any territory gained by force. The French official view was that the dispute should be left in the hands of the League of Nations. London was silent.

Japanese Want to "Localize" Shanhaikwan Incident

Following a conference Jan. 4 between high officials of the Japanese Foreign and War offices, instructions were despatched to the Japanese authorities in North China to negotiate with Marshal Chang Hsueh-liang's representative for the purpose of "settling and localizing the Shanhaikwan affair." These are the same tactics which were tried by the Japanese in reference to the Nineteenth Route Army in Shanghai last year namely to make it appear that the matter to be fought out is a local one and not one having any interest for China as a whole.

Field Guns Used by Japanese in Shanhaikwan Capture

The combined Japanese forces opened a large-scale offensive against the walled city of Shanhaikwan, on the morning of Jan. 3.

The Japanese used 19 field guns and seven airplanes, while two destroyers lying off Shanhaikwan co-operated.

Destroyers Shell Shanhaikwan

A plane was observed circling over Shanhaikwan 10 o'clock a.m. Jan. 3. Immediately afterwards the Japanese land forces opened with machine-gun and rifle-fire.

At the same time Japanese destroyers lying off Shanhaikwan sent shell after shell into the city. The Chinese troops replied to the fire and the civilian inhabitants fled in panic to the countryside.

Manchukuo reinforcements are stated to have arrived at Shanhaikwan during the night, bringing the total to 5,000.

5,000 Japanese Troops Inside Wall

General Ho Chu-kuo, telegraphed to Peiping from Chinwangtao that early on the morning of Jan. 3 Japanese troops began concentrating off the south-east corner of the walled city of Shanhaikwan and between nine and ten o'clock developed an attack, using seven bombers, two warships and artillery.

It is estimated that there are now 5,000 Japanese troops within the Great Wall participating in the offensive against the walled city of Shanhaikwan. Japanese warships lying off the town are pouring in heavy fire in combination with land artillery.

A Heroic Defence

When telegraphic communication with Shanhaikwan was resumed on the day following the bombardment, a story of heroism was revealed comparable with some of the exploits of 19th Route Army at Shanghai early last year. The Chinese troops clung to their defences in the face of a terrifying, demoralizing bombardment from sea, land and air. Shells battered down the city gates and stretches of the city wall, while incendiary bombs or shells started fire upon fire reminiscent of those in Chapei last February. When the total casualties come to be counted, it seems certain that they must be counted not in hundreds but in thousands.

When the Japanese infantry attacks swept over the half-ruined city, there was fierce hand-to-hand fighting in the streets in which 300 Chinese were killed defending the smashed South Gate.

Some estimates declare that at least 1,700 Chinese soldiers were killed, the majority in street fighting, before the fall of the city. There seems no question that the Chinese were defeated by sheer weight of armaments.

With the report of the Chinese general retreat from the first line at Shanhaikwan Jan. 3, Chinese official circles as well as the general public in Tientsin have been thrown into an uneasy state.

A number of well-to-do families are quickly moving into the Tientsin foreign concessions, with their valuable belongings. Chinese authorities in the Tientsin Native City have redoubled the number of police and are taking strict precautions. Contrary to the confused condition in the Chinese City, the Japanese Concession remains calm. Since the outbreak of hostilities at Shanhaikwan, the Headquarters of the Japanese Garrison in Tientsin (so *Rengo* says) has been keeping a peaceful countenance, seemingly absorbed in the observation of the situation and attending to the maintenance of peace in the Concession as well as the protection of life and property of Japanese residents.

According to a mesage from Tientsin, the Japanese force that had penetrated the Chinese first line in the vicinity of Shanhaikwan and quickly followed in pursuit of the fleeing Chinese has halted its further move onward simultaneously with sunset on the evening of Jan. 3.

Japanese Hold Chang Hsueh-liang Responsible

The Japanese military authorities declare that Marshal Chang Hsueh-liang must assume the direct responsibility for the attack at Shanhaikwan. In a statement issued to the press the War Office alleges that the aim of Nanking is to provoke Japan to fight and thereby compel the League of Nations to act.

The Japanese statement reviews recent developments, which, it says, support this contention. It asserts that the challenging attitude of the Chinese troops finally culminated in the Chinese 9th brigade firing on the Japanese, who were compelled to reply in spite of their anxiety to avoid any action liable to lead to misunderstandings with the foreign troops stationed in the Shanhaikwan area.

Declaring that the Japanese army will not take any step to aggravate the situation unless compelled, the Japanese Office asserted that future developments depend entirely on the Chinese attitude.

The "Ultimatum" to Chang Hsueh-liang

The text of what has been called the Japanese "ultimatum" to Marshal Chang Hsueh-liang was issued in Peiping Jan. 3.

It was delivered in the form of a letter in the name of General Nakamura, who is commander of the Japanese troops at Tientsin, it accuses the Chinese at Shanhaikwan of throwing grenades and firing rifles at Japanese gendarmes and at Manchukuo police station.

The letter then goes on: "In view of the fact that you have been sending a large number of troops into Jehol in evident preparation for hostile action against Japan, the bombing and firing must be another expression of animosity on the part of China."

It says that responsibility for the incident rests with the Marshal, adding that the Japanese army cannot watch the situation with hands folded and it points out the possibility of grave consequences following, which might involve the whole of North China in disaster.

The letter concluded by saying: "Accordingly this warning is given you, holding you responsible for what results the situation may lead to and exonerating us from all blame."

The Preliminaries at Shanhaikuan

Fighting broke out at Shanhaikuan on the night of January 1. The Japanese are alleged by the Chinese to have fired on the Chinese and the Chinese replied with rifle fire in order to defend their positions. General Ho Chukuo, who recently resigned command at Shanhaikuan, hurried from Peiping to Shanhaikuan late the same night on receipt of the news. Fragmentary Chinese reports stated that the Japanese force is working its way around the Great Wall.

New Year's Day, Japanese gendarmes in Shanhaikuan advised the Japanese residents there to evacuate southward of the railway line. The Japanese, under the pretext that they had been fired on by the Chinese troops, demanded that the Chinese civilian population of the city evacuate. This request was refused, and, as a consequence, the Japanese troops and Manchukuo railway guards opened fire.

At about two o'clock in the morning of Jan 2 the Japanese presented further demands to the Chinese troops to evacuate the city, but these were declined and the fighting continued. During the night three trains arrived from Suichung with Manchukuo reinforcements and the attack was resumed with renewed vigor early on Monday morning. By evening eight Japanese armored trains, as well as several troop trains, were in Shanhaikuan.

The city suffered very heavy damage from shell fire and bombs, the main fire being concentrated on the Chinese brigade headquarters.

The attackers belonged mainly to the 8th Division, which captured Chinchow last Spring.

Sham Battle of Japanese Marines in Shanghai

A sham battle of the contingents of the Japanese Naval Landing Party, participated in by about 300 newly arrived bluejackets, took place early in the morning of Dec. 17 in the neighborhood of Da Kong mills, Shanghai. Rear Admiral Sugisaka supervised the maneuver.

Jehol Situation Hangs in the Balance

With the occupation of Shanhaikwan by the Japanese, the question naturally arises as to the future of Jehol, not to speak of Tientsin and Peiping. As regards Jehol, the Japanese War Office, according to a recent Tokyo dispatch, "remains calm," and continues to assert that so far as Japan is concerned no major operations are contemplated in the near future.

It is however to be presumed that the actual state of the Japanese mind is something like this: So far we have got away with a great deal, somewhat more than we had in the beginning dared to hope for. We've got Shanhaikwan now, that is inside the Great Wall. We will wait and see just how the League and the United States "take" this. We might have had some excuse about Manchuria, but we can't claim that Shanhaikwan is not a part of China nor can we claim that its capture is not a violation of our promise to maintain the integrity of China. However, if there is not any particular howl from the Western world, we will gradually go ahead, and it might not be an impossibility that in the end we will have the pleasure of playing the game with Mr. Henry Pu Yi a little further and set him on the throne at Peiping as a restored Manchu emperor. The extent of his jurisdiction can be left to future determination.

Japanese Intend to Begin Drive into Jehol Next Spring

The Japanese army in Manchuria will commence drastic action with a view to sweeping off the Chinese volunteers in Jehol early next spring, according to a *Rengo* telegram from Tokyo Dec 28.

The third plenary session of the central Kuomintang executives having carried a resolution for the recovery of Manchuria by means of armed force and the Peiping Political Affairs Council, under the chairmanship of Marshal Chang Hsueh-liang, having also recently decided to give a full support to the Chinese volunteers with arms and ammunition the Japanese War Office authorities have decided to take adequate counter measures. Great importance is being attached by the general public in Japan to the situation of Jehol according to *Rengo*.

Japanese Recruit Mongolians

Peiping advices state that the Japanese are recruiting Mongolians in Western Fengtien which they intend to organize into an "independent army" of Mongols. It is said that when the recruiting is completed a provisional "Mongolian Government" will be established on the Jehol-Fengtien border.

Gen. Tang Yu-lin Strengthens Border Defence Works

A message from General Tang Yu-lin, Chairman of the Jehol Provincial Government, Dec. 29, reports that the defence works of the various districts along the Jehol border have been strengthened.

Lo Wen-kan Cancels Trip to Canton Owing to Jehol Situation

Lo Wen-kan, the Foreign Minister of the National Government, abandoned the trip which he had planned to South China, in view of the seriousness of the Jehol situation. Mr. Lo had booked passage for Canton during the week to attend his daughter's engagement festivities and other family affairs.

Geneva Notified of Jehol Situation.

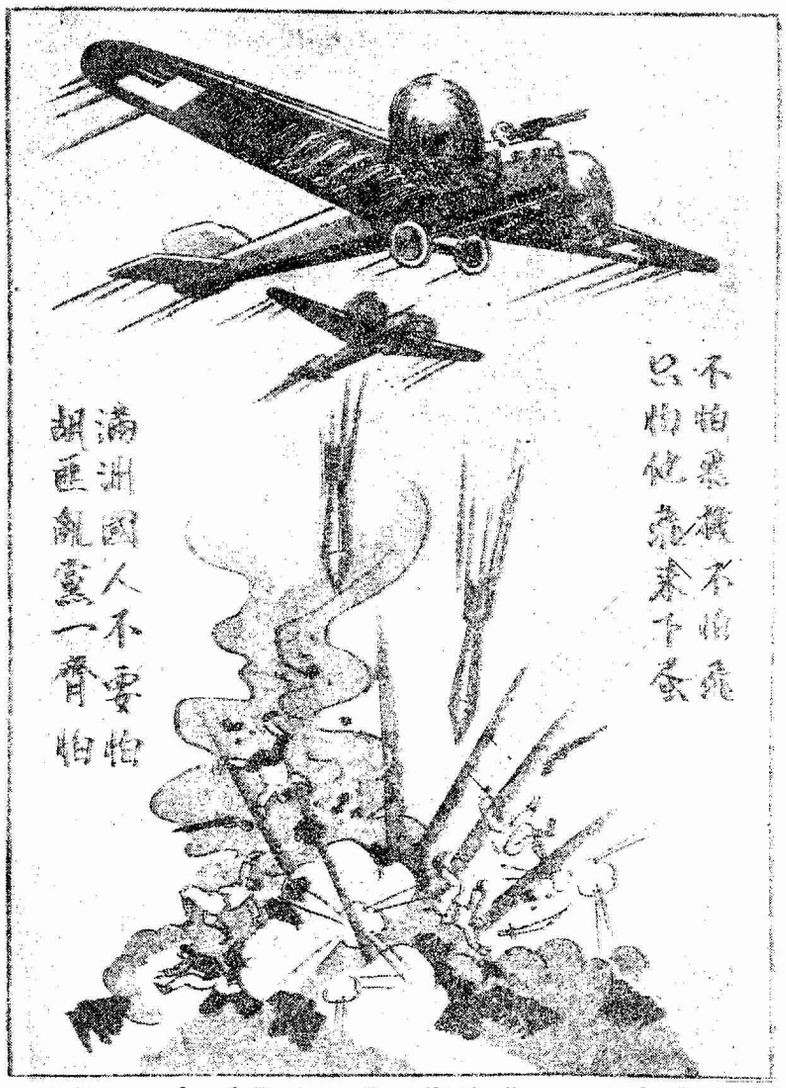
It is understood that the Chinese Government has instructed its delegation at Geneva to call the attention of the League of Nations to the serious situation at Jehol, where a Japanese invasion is alleged to be imminent.

General Ma Chan-san Arrives in Soviet Territory in Disguise

General Ma Chan-shan, of Nonni River fame, has been discovered in Siberia among the interned soldiers of General Su Ping-wen's army, according to the Soviet news agency. On December 23, during a round of the internment camp by Soviet guards, one of the interned men who entered Soviet territory with documents giving his name as Mah Su-Fan, declared that in reality he is General Ma Chan-shan. He said he had concealed his true identity at the time of the first examination. The Soviets are punishing him for his "deceit" in the matter.

More on the State of the Country and Its International Relations

THAT China is facing an even greater catastrophe in 1933 than the one through which the country passed in 1932 was the opinion expressed by the Nanking newspapers in their editions published on Jan. 1, according to a summary issued by *Reuters* service and published in the Shanghai papers on Tuesday of this week. "With Japan's resources tested to the breaking point, Japan must win a decisive victory or be unable to stand the terrific strain," declared the



An example of Japanese "conciliation" propaganda dropped from airplanes over Chinese villages in Manchuria. The Chinese text on the right reads: "We do not fear the airplanes, but the 'eggs' from the planes." The text on the left consists of Japanese advice, "You people of Manchukuo need not be afraid, but the bandits and rebels have cause to fear them." Millions of leaflets such as this and the others shown elsewhere in this issue are constantly being distributed over the Manchurian countryside.

report. Japan must not only take Jehol shortly, but must also strike boldly into the Peiping-Tientsin area and also into the Yangtsze valley in order to compel China to submit to an early settlement of the Manchurian question. The *Central Daily News* official organ of the Kuomintang Central Executive Committee, in its New Year editorial declared, "It will take only three to five years for China to become a conquered nation, but it will take more than twenty or thirty years of hard work and painful sacrifices by the entire nation before China can once more be on the road to stability and prosperity....The country must be ready to face a greater menace to its national existence in the coming year."

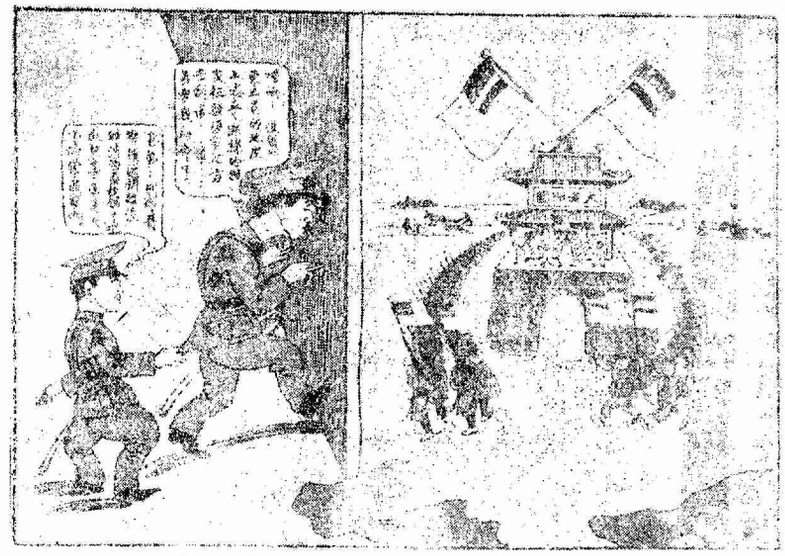
The reference in the foregoing statement to the desperate conditions prevailing in Japan, which make it necessary for the Japanese military party to win a decisive victory, seems to be borne out by reports from other quarters. Clarence K. Streit, correspondent for the New York Times at Geneva, in a dispatch to his paper dated Nov. 25 declared that of the three parties to the present strife in the Far East — Japan, China and the League — the weakest of the three is Japan. The Japanese Empire, in his opinion, lacks fundamental sources of strength, hence its superior armed strength is more of a danger for itself now than for China and the League. Quoting certain unnamed Geneva authorities, Mr. Streit expressed the view that Japan does not have the population or the economic or financial strength to hold 30,000,000 Chinese over an area as big as France and Germany combined adjoining two huge continental countries, the Soviet Union and China, with another one, the United States, across the ocean. It was conceded that Japan can find many examples in American, British and French history to justify their move, "but the fact that we got land that way and you have got it that way, does not mean this sort of thing can go on forever .... It's a dangerous anachronism for Japan to try to follow our bad example on so ambitious a scale when Britain and the United States are tending to withdraw from colonies and the world has turned against such imperialism. Japan's tragedy is that it is 30 years too late—and there is nothing more risky than to go against the age in which you live." Quoting another authority Mr. Streit stated that the present situation in the Far East closely parallels on a bigger scale the Near Eastern one that ended in a Greek debacle and in consequence he foresees some sudden overwhelming catastrophe in the offing for Japan. In concluding his article, the Times writer said that despite all the distractions, everybody was agreed upon the desirability of preventing this catastrophe because Japan has been regarded as a stabilizing, civilizing and generally great power for good — which must he saved from its own madness!

Just where or when the Japanese war-lords will strike next, naturally cannot be forecasted, but some observers believe they will make a definite move prior to or during the forthcoming session of the Imperial Diet, scheduled for the latter part of the present month. The reason for this supposition is that by moving at this time they will accomplish two major objects, one

domestic and the other external. Domestically they will block any move on the part of their opponents in the Diet to the passage of the military budget. With the Imperial forces actively engaged in Jehol or north China, any critic of military policy would be regarded as a traitor to the country; hence the best way to head off or postpone the inevitable day of reckoning, would be to start another military adventure in China. Regarded from the standpoint of Japan's external relations, the Tokyo warlords also probably feel that a fresh military campaign might further side-track or postpone any further adverse action by the League. On Dec. 31 the Tokyo *Asahi* quoted the Imperial War Office as declaring, "If Marshal Chang Hsueh-liang continues his present activities in Jehol and his attempt to create disturbances elsewhere in Manchuria, the Japanese army will be compelled to resort to positive measures to settle the Jehol question. The positive measures will be taken for the purpose of maintaining peace and order in accordance with the terms of the Japan-Manchukuo Protocol." A *Reuter* report from Tokyo referring to the fore-going, said that the War Office had decided not to issue a statement at present on the Jehol situation, but would issue a warning later if the situation warrants it. Of more significance possibly, than the foregoing, was a report published under large headlines in the *Japan Times* on Dec. 25 which quoted War Office officials as declaring that it is now necessary for the Imperial Japanese Army "TO DISPOSE OF THE KUOMINTANG PARTY AND GET RID OF ITS DANGEROUS FOREIGN POLICY IN ORDER TO SECURE LASTING PEACE IN THE FAR EAST." This statement was inspired by the resolution which was introduced at the opening in the Third Plenary Session of the Kuomintang Central Executive Committee at Nanking on Dec. 15 recommending that the Central Government should assume full official responsibility for resistance against Japanese aggression, including the boycott of Japanese goods, concentration of troops along the Jehol-Manchukuo border, support for the Manchurian volunteers and other measures deemed necessary. What action finally was taken by the C. E. C. has not been stated, but the introduction of the resolution inspired the Tokyo War Office to issue the following declaration,

> "Among the various resolutions said to have been adopted by the Kuomintang at the third convention of its central committee, what attracted our keen attention, was the project for vigorous opposition against Japan.
>
> "This plan is aimed at directing offensive operations from the direction of Jehol with a view to restoring the so-called lost territory in the Northeast. For this purpose the Kuomintang advocates enlarging China's air-force, financing the voluntary troops and intensifying the anti-Japanese boycott.
>
> "The real intentions of the Kuomintang in this connection seems to be to instill bitter enmity against Japan among the Chinese people so that they may be able to pretend that the Chinese are a united people and so hoodwink the outside world by concealing the prevailing chaos in that country.
>
> "Such an attempt on the part of China will prove a serious menace to peace in the Far East, and although it is quite problematical if this project will ever materialize, we can not afford to tolerate the ideas underlying such a plan.
>
> "Explaining this plan, Mr. Sun Fo made mention of a second world war, but we can not understand why he thus risks the danger of making China the cockpit of an international conflict and precipitating China on the road to its own disintegration.
>
> "Some time ago Chinese politicians were working hard for a conflict between Japan and the United States, and these two peoples at that time seemed to entertain somewhat uneasy feelings towards each other. But now all uneasiness has gone and the Japanese and American peoples see no danger in the way of their future relations.
>
> "Observers of international affairs have also come to see the need of getting rid of all circumstances detrimental to world peace, instead of making futile attempts at applying theoretical principles to developments where such principles can not be properly applied.
>
> "Such is the only way to prevent a second world war and secure world peace. In this connection it is most imperative at the present moment to dispose of the Kuomintang and its dangerous foreign policy as an urgent measure to make it possible to safeguard peace in the Far East."

Whether the present clash between Chinese and Japanese troops at Shanhaikwan marks the actual beginning of Japan's long advertised military move into Jehol and north China cannot be stated at this time, but of greater importance than the actual hostilities is the question of the relative strength of China and Japan to withstand a long-drawn-out conflict. Tyler Dennett, former member of the State Department and now professor of international relations at Princeton, writing in December, *Current History*, declared, "Every party directly concerned in the Far Eastern embroglio is weak—the League of Nations for obvious reasons; Japan, because of the distress of her domestic economy; Great Britain, because of the suspension of the system of responsible government; France, by reason of the grave uncertainties of the European situation; and the American Government by reason of the doubt as to whether the present policy will be sustained by the next administration. But China is weakest of all. Threatened from without, China is even more distraught with her internal problems." Then, after relating the details of China's alleged



An example of Japanese "conciliation" propaganda distributed in the form of leaflets from airplanes flying over Chinese villages. This leaflet shows Marshal Chang Hsueh-liang gazing through a key-hole at the glories of Manchukuo under Japanese domination and Gen. Chiang Kai-shek trying to pull him away. Chang Hsueh-liang is saying, "I have no other lands to exploit," to which Gen. Chang replies, "Come away and be broad-minded."

domestic chaos, Mr. Dennett declared, "Whatever the nature of the co-operation to be proposed for the reconstruction of China — and upon this the League Commission is discreetly silent — it is obvious that its effects will not be apparent for a long time. But meanwhile what is to be expected in the immediate future? Is the present opposition of China to Japan likely to be sustained until there is some relief from an international source, or may the opposition at any time collapse? In the latter event the Lytton recommendations would be greatly weakened, and the Stimson doctrine of non-recognition would become in fact, a doctrine recognizing chaos."

An entirely different and more encouraging story of conditions in China, however, was published in the Jan. 1 issue of the *People's Tribune* (Shanghai), a magazine popularly supposed to reflect the views of Wang Ching-wei. Describing what he termed the turning point in Chinese republican history, the editor of the journal, Tang Leang-li, declared, "The year 1932 saw for the first time in China's republican history a Government which does not have to depend on borrowing for its existence, but which in spite of the world depression, foreign invasion necessitating major war operations, the losses of a considerable amount of trade and revenue, the depredations of communists, is able to make ends meet — which not only refrains from entering into further financial commitments, but notably with some of the railway loans, has been able to resume interest payments on loans for many years in default..... and, as in the administrative field, a beginning is made with the constitutionalizing of the government and real attempts are being made to translate into fact, Dr. Sun's program for the international development of China as witness the epoch-making construction, within the phenomenally short period of ten months, of 7,400 kilometers of dykes along the Yangtsze river and further preparations which are being made for the extension and improvement of railway, cable and wireless systems, construction of a steel works, building of highways, reconstruction of war-devastated areas in Chapei, etc." In the international field this writer declared the year 1932 "saw China's rise in military status from practically a pariah among the nations to a Power of consequence. It was shown that China's manhood is equal to the best the world can produce, and that, however pacific as a nation in normal circumstances, her people are capable and ready to make every sacrifice in the defense of the national heritage." Concluding, he declared, "Never since the establishment of the Chinese Republic has there been a greater promise of a united China than at present....the year 1932 began with the prospect of a complete national disintegration and the very destruction of the State-existence of the Chinese Nation. The year ended with China emerging as a new, united country, it is true, with many difficulties still unsolved, but with a national credit as high as never before, with the foundations for a democratic, constitutional government laid, with the relations with Soviet Russia restored, and, as the proceedings of the recently concluded Third Plenary Session of the Fourth Central Executive Committee of the Kuomintang showed, with the realization that only in herself can she find salvation, and that the establishment of the rule of law is the necessary pre-requisite to democratic constitutionalism."

Huge Japanese Budget Likely to Cause Cabinet Crisis

As mentioned on previous occasions in the columns of the *Review*, a huge budget of more than two billion yen (inadvertently referred to in the last issue as *millions*) faces the forthcoming session of the Diet, and there are strong indications that a cabinet crisis will develop. The preliminary estimates submitted by the various Ministries are said to total two billion, four hundred million yen. This would call for a budget by far greater than any on record, about Yen 800,000,000 (G.$400,000,000 at par) more than the average for the past ten years.

The heavy cost of the operations in Manchuria and the "replacement" program, which both the Army and Navy consider necessary, has resulted in naval and military appropriations which account for over Yen 1,000,000,000 of the total estimates submitted to the Finance Department for approval. It is over the question of these figures presented by the defence services that the main battle is expected to rage.

As *Reuter* recently pointed out—between this time last year—when the late Mr. Inouye was still struggling to balance revenue and expenditure without changing his policy of drastic economy and no loans—and now, a vast difference is seen; but, although his successor, Mr. Takahashi, has reversed both the policy of economy and no loans and the policy of deflation, he can hardly be expected to approve the flotation of such an immense amount of bonds as would be required to fill the gap between the total expenditure now demanded and the estimated revenue of little more than Yen. 1,300,000,000. Yet, according to reports in the Japanese papers, he is absolutely opposed to any increase of direct taxation. General Araki, on the other hand, is urging the necessity of raising the necessary funds by a large increase of the inheritance tax and income tax, which would fall mainly on the rich and on those whom he considers can afford to disgorge their wealth.

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A head-on collision between those who support the Army and those take their stand on the side of Mr. Takahashi seems inevitable, as their respective viewpoints are diametrically opposed. The indications are that the victory will go to the Army; for, as one Japanese, whom *Reuters* correspondent questioned on the subject, put it, "the country, as a whole, is at present ruled more by sentiment than by intellect and, though the people's intellect will doubtless urge them to support the Government, their sentiment will make them back the Army."

A dark picture of the situation which faces Japan as a result of the depreciated yen was painted recently by Eigo Fukai, vice-Governor of the Bank of Japan. Speaking before a gathering of notable financiers and economists, Mr. Fukai compared the situation in Japan at present to that in Germany immediately after the war. In Japan, as was the case in Germany, many rejoiced over the depreciation in the value of currency during the early days of the phenomenon when exports spurted and foreign money flowed into the country, Mr. Fukai recalled. He then went on to explain how when this reckless situation was not checked, the currency system of Germany was completely disrupted and brought in its wake untold suffering to the people. This, in Mr. Fukai's opinion, should be a good example to Japan not to feel over-enthusiastic because the yen is down and exports are increasing. Attributing the improvement in business to the increase in exports made possible by the slump in the yen exchange rate, and admitting that the rejuvenation of the export trade is a matter for congratulation, Mr. Fukai expressed doubt as to whether seeing the exports of a country increase, merely because the value of that country's currency dropped, would be to the ultimate benefit of the people. Moreover, he said, Japan must take into consideration the probability that foreign countries will put up high tariff barriers should the yen rate remain where it is today.

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Dr. S. Washio a regular contributor to the *Japan Advertiser*, on economic and political subjects, many frequently in a liberal vein, in a recent contribution entitled, "Inflation Produces Temporary Relief But Hastens Collapse," said, "The appreciation of stock quotations, the rise in the price of the principal commodities (excepting rice), the boom in the export trade and shipping and particularly the activity in the munition industries make it appear that this country has left the world depression behind. For the favored business prosperity has so returned that complaints of profiteering are heard. Despite the rise in commodity prices generally felt and the apprehension over next year's budget, gravely felt among the critical public, the year-end trade is apparently going to be better than last year. An increase in demand for luxuriously priced dresses is reported. The price rise as reported in the price index of the Bank of Japan is yet unimpressive, it is some 7 percent for retail and 15 percent for wholesale goods from June to October. But this hardly corresponds with the general feeling, which is impressed by the prices of rayon, silk cotton, wood, sugar, flour, lumber, steel, cement, fertilizer and some others that have gone up from 30 percent to over 80 per cent."

Dr. Washio incidentally pointed out the ironical fact that the one industry that is booming is that of munitions. He cites the fact that skilled laborers in this line who were jobless a year ago are now scarce at five yen a day.

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Looming large on Japan's political horizon is the Kokumin Domei, Mr. Adachi's new party. In the statement of its policy, the Kokumin Domei says that it is a political organisation born with the object of advancing the destiny of Japan in emergency by developing the spirit of the establishment of the country and by effecting extensive reforms in both home and foreign administration. Its policy may be variably shaped in accordance with the exigencies of the moment, but for the present it intends to pursue the following policy:— Creation of a State Council and the abolition of the Cabinet System; creation of permanent committees in the Diet so as to make up for the short duration of Diet sessions, without revising the Constitution; election Law should be revised on the basis of official election campaigns; independence of the Department of Justice—in addition to others.

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One of the outstanding features of the Kokumin Domei is its financial policy, which is direcly opposed to that of Finance Minister Takahashi who pins his faith on loans. This new party urges that the following taxes be increased:

(a) Rates of B-class income tax to be raised.
(b) Rates of C-class income tax to be raised.
(c) Entire amount of dividends on shares, instead of 60 per cent. as hitherto, to be taxed.
(d) Progressive rates of death duties to be raised.
(e) Rates of the tax on interest on capital to be raised.
(f) The stamp duty to be raised.
(g) Postage stamps and post cards to be raised in price.
(f) High-class luxuries to be taxed.

Taxes to be reduced or remitted:—

(a) The tax on arable land to be remitted as an emergency measure.
(b) Untaxable limit of the business profit tax to be raised.
(c) Local taxation to be reduced.

The more important part of the financial policy of Mr. Adachi's party is contained in the appendix, in which it is mentioned:—

1.—A new tax should be levied on department stores the revenue from this source to pass into local treasuries.

2.—An emergency profit tax should be invoked.

According to a recent speech by Mr. Adachi, the Kokumin Domei intends to do away with the present Cabinet System and instead establish a State Council which is to be composed of a few State Ministers who are to give their advice to the Emperor on the conduct of state affairs according to the Constitution. Each department of the government will be headed by a director who is to be directed by the State Council. Thus, unification is to be realized concerning the foreign policy, national defence, financial policy and economic policy, and thus, it is hoped, the Government will be able to function to a satisfactory extent. "The Government must be a government of the Emperor and at the same time a government of the people," Mr. Adachi declared. Likewise, he said, the State Ministers must be real advisers to the Emperor and discharge their duties without being shackled by their subordinates and the party interests.

Chang Chun-kuan Returns---A Mysterious Kidnapping

After having been missing for three days, Chang Chun-kuan, a member of the standing committee of the National Federation of Patriotic Organisations, a Chinese body noted for its anti-Japanese activities, returned to his home in the French Concession, Shanghai, several days ago. Although, according to his family, Mr. Chang was abducted by unidentified persons, the mystery as to the purpose of and who has been responsible for, his abduction remains unsolved. Prior to his abduction, several warnings had been received by Mr. Chang from the "Red Clothes Prolection Corps," a body said to have been formed to combal the anti-Japanese movement.

How the Arms Traffic Is Stimulated by Far Eastern Crisis

THE question of arms shipments by European countries to the Far East has been much to the fore in recent months, and articles in various magazines throughout the world have of late called attention to the close collaboration that exists between the arms manufacturers and the government, or at least the bureaucracies in various countries, the example of Vickers-Armstrong in England and the Creusot and Schneider works in France being frequently cited. Of particular interest in this connection are the following statistics published by the Union of Democratic Control in London (34 Victoria street) giving the statistics of the trade in arms and ammunition between the armament firms of Great Britain and the Far East during the period from August 1931 to September 1932. It is to be noted that the information herewith reproduced is entirely taken from official sources.

Apparently England is the only country where public statements are made showing the arms shipments which are made to foreign countries, but even in the case of England it is worth noting that the largest of the British arms manufacturers, which has subsidiaries in many other countries, including Japan, no reports of shipments are made. Since the beginning of the Manchurian trouble it has been France and not England which has been supplying the bulk of the arms for Japan and no records of their extent are available.

The figures given below in the tables entitled "Export of Arms and Ammunition to China and Japan" were furnished by the Board of Trade in reply to questions which were asked in the House of Common. They show the material covered by export licences which were shipped from ports in the United Kingdom. This control of the export of arms and munitions which is exercised by the system of export licences was first instituted at the outbreak of the war and has continued ever since. As mentioned above the figures do not give a complete picture of the trade in arms and munitions between the British armament industry and the Far East, particularly with Japan. Vickers-Armstrongs, (the section of Vickers Ltd. which deals entirely with the manufacture of armaments) is by far the biggest armament firm in Britain; it has factories and branches in many countries including Ireland, Holland, Italy, etc., and, most important of all, the Japan Steel Works which are part of the very considerable Japanese armament industry, are a subsidiary of Vickers Ltd. Thus, Vickers-Armstrongs, or any other British armament firm with factories abroad which may have exported arms and munitions to the Far East has not had to apply for licences, and it has been impossible therefore to obtain accurate information concerning this point.

The tables showing statistics of the "Trade in Arms and Munitions," are taken from the Statistical Year Book of the Trade in Arms and Ammunition, 1932, which is published by the League of Nations. The figures are very far from complete owing to the omission of warships, of military aviation, etc. As a matter of fact—the British Union of Democratic Centrol avers—Great Britain is the biggest exporter of war material in the world.

Undoubtedly the troubles between China and Japan are stimulated as the result of the large market for arms which has been opened up and the close relations which the arms manufacturers both in England and France have with the governments of their respective countries. Probably more than is generally appreciated the attitude of both France and England towards the Manchurian situation, which is one of indifference or rather of non-interference, is influenced by the fact that the troubles between China and Japan will naturally stimulate the arms trade. Of course, a world war would stimulate it still more, but none of the arms manufacturers probably cares to take upon itself the responsibility of fomenting one at the present time.

A recent *Transocean* telegram from Berlin pointed out that one of the biggest French armament works has for years past been and is still represented in China by a German firm and apparently is well satisfied with this agent, having received through him, aside from other orders, during the past year and a half alone one for 1,400 machine guns for the Chinese army. This information was vouchsafed in the course of a denial of a statement alleged to have been made by French agents in China that during his term of office as Chinese Minister at Berlin General Chang Tso-pin has given all orders for arms, with which he was entrusted by the Nanking Government, to German arms factories.

The German telegram explained that considerable quantities of German arms (other than small arms) reached China during all these years, but without exception they did not come from Germany but consisted of old stocks of arms which had been captured during the war or after the armistice had been handed over to the Allies and found their way into various foreign countries where they were bought and shipped to China by arms-traders of various nationalities.

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THE EXPORT OF ARMS AND AMMUNITION TO CHINA AND JAPAN FROM GREAT BRITAIN, AUGUST, 1931—SEPTEMBER 1932 INCLUSIVE.

All figures have been published by the Board of Trade.

STATEMENT SHOWING MATERIAL COVERED BY EXPORT LICENCES ISSUED SINCE 1ST AUGUST, 1931 FOR ARMS, ETC. DESTINED FOR CHINA AND JAPAN.

Month	CHINA	JAPAN
1931		
August	20,000 .303" rifle cartridges 20 6-pounder guns 3,000 cartridges for 6-pounder guns.	Nil
September	Nil	1 aircraft predictor (fire control gear). 10,000 13.2 mm. Hotchkiss machine gun cartridges.

October	374,231 lbs. T. N. T. 2,240 lbs. cordite 6 7.92 Mauser rifles 2 .303" Hotchkiss guns.	60 .303" machine guns. 50 7.7 mm. machine guns. 10,000 .303" cartridges 620,000 7.7 mm. cartridges 2 .5" machine gun barrels.
November	5,000,000 7.9 mm. rifle cartridges.	100,000 .303" rifle cartridges 1 aircraft bomb winch 10 5" machine guns 2 depth charge throwers 4 depth charge carriers 2 47 mm. sample projectiles.
December	Nil	4,000 .13 .2 mm. machine gun cartridges.
1932		
January	6,614 lbs. cordite. 2 sets components for .303" machine gun. 1 7.92 mm. Vickers-Berthier machine rifle. 1 bomb rack & sight 1 gun camera & sight.	A small quantity of spare parts for .303" machine gun.
February	110,231 lbs T. N. T. 2 .303" machine guns 8 interrupter gears 2 sets bomb carrying gear 8 aircraft gun mountings.	50 aircraft gun mountings 57 .303" machine guns 60 7.7 mm. machine guns 12. 5" machine guns 8 40 mm. guns with high angle mountings 6 Carden Lloyd light armoured vehicles 25,000 12. 7 mm. machine gun cartridges 100,000 .5" machine gun cartridges 3,100,000 7.7 mm. machine gun cartridges ammunition. 10,000 rounds 40 mm.
March	500,000 .303" rifle cartridges 505,000 .303" machine gun cartridges 50,000 Prideaux clips	2 40 mm. guns with high-angle mountings 100 7.7 mm. machine guns 2,750,000 7.7 machine gun cartridges.
April	23 .303" machine guns 15,433 lbs cordite.	1 .5" machine gun 4 aircraft gun mountings 250 rounds 40 mm. ammunition.
May	12 .303" machine guns 6 12.7 mm. machine guns 6,000 12.7 mm. machine gun cartridges 150,000 13.2 mm. machine gun cartridges 2,000,000 .30" Mauser pistol cartridges 18 belt-filling machines, for .5" machine guns.	38 aircraft gun mountings
June	500 H. E. aircraft bombs.	50 7.7 mm. machine guns. 800,000 7.7 mm. machine gun cartridges. 200 small time-fuses. Spare parts for 40 mm. anti-aircraft guns.
July	6 .303" machine guns 3 bomb carriers.	50 .303" machine guns. 6 aircraft gun mountings.
August	500 sets of practice bomb components. 3 .303" machine guns. 1,500,000 .30 pistol cartridges.	10 7.7 mm. machine guns 1,200,000 7.7 mm. machine gun cartridges 2 aircraft gun mountings.
September	Nil	200 7.7 mm. machine guns. 26 aircraft gun mountings. 1,000,000 articulated links for 7.7 mm. cartridges.

TRADE IN ARMS AND AMMUNITION

VALUE OF EXPORTS:

The following table shows, in respect of the undermentioned descriptions of arms, ammunition and military and naval stores (except sporting arms and ammunition) the declared value of the domestic exports from the United Kingdom registered during each month, August 1931 to April 1932, as consigned to Japan (including Formosa and Japanese leased territories in China), and China (excluding Hongkong, Macao and leased territories) respectively.

Description	Period	Exports consigned to Japan	Exports consigned to China
Arms, ammunition and military and Naval stores (except sporting arms and ammunition):		£	£
AMMUNITION:			
Metal cartridge cases, other than small arms ammunition—empty	Dec. 1931	945	—
	Mar. 1932	2,565	—
Small arms ammunition military—loaded cartridges	Sep. 1931	—	150
	Oct. 1931	—	650
	Nov. 1931	52	—
	Dec. 1931	1,525	—
	Feb. 1932	—	10,978
	Mar. 1932	12,880	10,978
	Apr. 1932	8,311	—
High Explosives	Oct. 1931	5,813	314
	Dec. 1931	10,145	4,640
	Mar. 1932	8,043	8,445
Other explosives and ammunition	Aug. 1931	—	2
	Sep. 1931	—	264
	Oct. 1931	440	557
	Nov. 1931	2,857	11
	Dec. 1931	193	74
	Mar. 1932	—	9
Fuses and blasting accessories	Mar. 1932	4,400	1,305
		—	111
Propellant Powders	Mar. 1932	—	1,190
ARMS:			
Automatic machine & quick firing guns & parts thereof	Aug. 1931	14,997	40
	Sep. 1931	344	465
	Oct. 1931	1,450	10,940
	Nov. 1931	22,862	—
	Dec. 1931	16,840	150
	Jan. 1932	11,870	—
	Feb. 1932	2,722	231
	Mar. 1932	6,340	12
	Apr. 1932	31,847	—
Small arms—revolvers and pistols	Sep. 1931	—	138
	Feb. 1932	—	992
Other arms	Aug. 1931	418	—
	Sep. 1931	—	10
	Oct. 1931	—	225
	Nov. 1931	280	—
	Feb. 1932	24	52
Torpedoes and submarine appliances	Oct. 1931	28,000	—
	Jan. 1932	415	—
Military, Naval and Ordinance stores and appliances, not elsewhere specified	Aug. 1931	—	30
	Sep. 1931	138	—
	Jan. 1932	—	14
	Feb. 1932	828	—
	Mar. 1932	6,600	—
	Apr. 1932	—	2,000
TOTAL:	Aug. 1931 to Apr. 1932	204,144	54,967

Export of Arms and Ammunition According to Countries of Destination.

	1926 Value £1,000	1927 Value £1,000	1928 Value £1,000	1929 Value £1,000	1930 Value £1,000
ARMS:					
Spain	42.6	13.7	9.0	803.4	439.9
France	9.3	120.6	28.0	11.2	1.3
Bolivia	—	—	79.9	130.2	23.5
Japan	136.5	84.2	164.5	7.4	76.9
Various foreign countries	193.8	331.6	347.3	299.8	360.8
Total of exports for foreign countries	382.2	550.1	628.7	1,252.0	902.4
Total of exports for British countries	395.9	446.0	618.1	588.2	519.5
Central Total	2,215.1	2,169.5	2,861.8	2,633.3	2,078.5

AMMUNITION:					
Greece	—	0.2	1.1	19.9	156.8
Netherlands	3.1	13.5	121.4	132.1	60.0
Chile	33.9	23.3	268.4	222.9	98.7
Japan	106.9	111.3	91.0	72.9	96.8
Various foreign countries	531.9	652.3	818.0	693.3	422.3
Total of exports for Foreign countries	675.8	800.6	1,299.9	1,141.1	834.6
Total of exports for British countries	1,539.3	1,368.9	1,561.9	1,492.2	1,243.9
General Total	2,215.1	2,169.5	2,861.9	2,633.3	2,078.5

CHINA—TABLE II

Import of arms and ammunition according to countries of origin

	1928 Value Hk. Taels	%	1929 Value Hk. Taels	%	1930 Value Hk. Taels	%
ARMS AND AMMUNITION:						
Germany	3,208,897	28.1	1,203,500	31.3	4,008,800	25.7
Belgium	16,154	0.2	629,817	16.4	2,284,691	14.7
France	19,398	0.2	52,524	1.4	11,323	0.1
Gt. Britain	34,577	0.3	45,126	1.2	570,349	3.7
Italy	—	—	—	—	135,945	0.9
Norway	4,868,550	42.7	227,735	5.9	473,563	3.0
Poland	2,536,646	22.3	—	—	—	—
United States	49,216	0.4	193,737	5.1	1,112,568	7.1
Hong Kong	171,659	1.5	430,734	11.2	1,084,816	7.0
French Indo-China	34,301	0.3	75,243	2.0	11,337	01.
Japan (incl. Formosa)	393,005	3.4	976,841	25.4	5,814,543	37.5
Other countries	67,912	0.6	3,772	0.1	40,612	0.2
TOTAL	11,400,315	100	3,839,029	100	15,578,547	100

JAPAN—TABLE III

Import of Arms and Ammunition according to countries of origin

	1928 Value 1,000 Yen	%	1929 Value 1,000 Yen	%	1930 Value 1,000 Yen	%
ARMS AND AMMUNITION:						
Germany	2,098	53.0	1,558	43,4	1,066	51.9
Belgium	708	17.9	357	10.0	248	12.1
Spain	131	3.3	149	4.2	20	1.0
France	137	3.5	732	20.4	20	1.0
Gt. Britain	815	20.6	618	17.3	627	30.5
Other countries	69	1.7	169	4.7	72	35.
TOTAL	3,958	100	3,583	100	2,053	100

JAPAN—TABLE IV

Exports of Arms and Ammunition according to countries of destination

	1928 Value 1,000 Yen	%	1929 Value 1,000 Yen	%	1930 Value 1,000 Yen	%
AMMUNITION:						
China Province— Kwantung	300	55.7	508	86.0	217	10.5
Other countries	3	0.5	18	3.0	7	0.3
TOTAL	539	100	591	100	2,079	100

TABLE V

THE WORLD TRADE IN ARMS AND AMMUNITION

The Export of Arms and Ammunition from the most important arms producing countries.

	1928 Value $1,000	%	1929 Value $1,000	%	1930 Value $1,000	%
Belgium	1,638.0	2.8	3,042.9	4.8	2,445.1	4.4
Denmark	2,335.2	4.0	1,536.7	2.4	1,056.1	1.9
Spain	1,303.7	2.2	2,248.2	3.5	975.3	1.8
United States	10,724.9	18.1	10,734.5	16.8	6,462.3	11.7
France	8,743.1	14.8	9,374.5	14.6	7,141.8	12.9
Italy	3,236.7	5.5	3,706.6	5.8	3,766.2	6.8
Japan	250.1	0.4	272.5	0.4	1,026.8	1.9
Netherlands	2,347.6	4.0	2,755.0	4.3	2,965.4	5.4
Gt. Britian	19,993.3	33.8	21,727.4	33.9	17,019.3	30.8
Sweden	2,752.3	4.7	3,001.8	4.7	4,273.8	7.8
Czecho-Slovakia	2,160.9	3.6	3,197.3	5.0	5,274.1	9.6
WORLD TOTAL	59,239.0	100	64,091.0	100	55,201.5	100

"China Times" Issues Reconstruction Number on Chekiang

In appreciation of the remarakble progress of Chekiang province which has been made under the Nationalist Regime since 1927, *The China Times*, a well-known Chinese daily in Shanghai, issued on the New Year Day a Special Reconstruction Number on Chekiang, giving a full and comprehensive survey of the achievements of the province in all fields of endeavor. The Edition consists of 86 pages with two beautiful and colored covers and contains many interesting and informative articles on the subjects of communications, finance, industry, commerce, agriculture and mining, education, rural economics, etc. It also contains prefaces written by high officials of Chekiang Provincial Government, including Chairman Lu Tiping, Commissioner of Reconstruction Tseng Yang-fu Commissioner of Education Chen Pu-lai and Mayor of Hangchow Municipality and a number of congratulatory messages from foreign Ministers and Consuls in China.

Among the contributions, the article on the reconstruction of Chekiang written by Chang Ching-kiang, former Chairman of Chekiang under whose regime most of the reconstruction projects were planned and carried out, leads others on the similar subject, which are contributed largely by members of the present Reconstruction Department—the men who are now charged with the execution of the projects. While signs of progress are noticeable on all sides, the progress is most remarkable in the development of communications. In addition to a new railway line —the Hangchow-Kiangshan Railway, many highways and motor roads have been built throughout the province and inter-provincially, the most notable of which are the Shanghai-Hangchow and Nanking-Hangchow Highways which not only greatly facilitate interior travel, but also shorten the distance between the two provinces. Radio and telegraphic communications have also made striking progress with the construction of new radio stations, while automatic phone sets have been installed in many cities. The rapid and wide development of electric enterprises is another notable achievement, as many of the rural towns in the interior of the province are now being blessed by electric lights. In view of the great progress of Hangchow, a section of the Edition containing more than ten articles was devoted to the description of the reconstruction and modernization of the Provincial Capital. Other topics dealt with in the Edition include the development of banking enterprise in Chekiang, education, journalism, rural reconstruction, the tea, cotton and silk industries, etc.

C. M. S. N. Co. Wishes to Take Over Yangtsze Wharf

At a meeting of the Board of Directors of the China Merchants S. N. Co. held recently it was decided to petition the Ministry of Communications to take over the Yangtsze wharf in Shanghai. It appears that the land upon which the wharf is built belongs to the China Merchants Co. and has been leased to Messrs. Carlowitz & Co. The latter has organized a wharf company, known as the Yangtsze Wharf Company, which built the wharf. It is claimed that the said Wharf Company has been in default in the payment of rent for a considerable time. It has therefore been deemed necessary to take over the wharf for use by the China Merchants. The meeting decided that in taking over the wharf, the Ministry should be requested to pay to the Wharf Company the sum of Tls. 240,000 as compensation for the wharf.

A Japanese Officer's Belated Suicide---A Matter of Honor

Sub-Lieutenant Jinroku Nishio, who was a member of the Japanese forces operating in Chapei at the beginning of last year committed suicide Dec. 10 at his native village in Shiga prefecture, Japan.

The announced reason for his act (which was not made public until Dec. 20) was to uphold the traditions of the Japanese army that an officer must not be captured by the enemy, Nishio was severely wounded in early street fighting in Shanghai and was captured by Chinese soldiers. He was given medical treatment by the enemy and was later given his freedom. Nishio follows in the foosteps of Major Kuga, who also was captured by the Chinese and who later committed suicide on the field of battle where his many comrades had fallen before him.

Fifteen Months of Continual Warfare in Manchuria---Real Suffering Still to Come

(From the Review's Harbin Correspondent)

FOR fifteen months Manchuria has been passing through continuous warfare. The newspapers are filled with accounts of "bandit" depredations and the Japanese or Manchukuo armies sending punitive expeditions against them. For an average reader it has become a painstaking task to follow up all these accounts—it seems to him that the whole country is aflame and that the Japanese efforts to put out that fire are all in vain. One thing is plain to him and it is that there is an invasion by an alien army and the populace is trying to resist that invasion. Notwithstanding its shortness the struggle has already its own history; there have appeared many leaders whose names have hitherto been quite unknown and whose exploits must be recorded so that their names may never be forgotten by the coming generations.

The September 18 Incident took the country aback; it had not the slightest inkling of the impending Japanese invasion; nor were the authorities prepared to meet the calamity. As a result of this unpreparedness the Chinese Army was forced to withdraw from its bases (Mukden, Changchun, Kirin, Yingkow) to the interior, where it had to rely on the rural population for its upkeep. Without arsenals, to supply it with a continuous flow of firearms, without artillery, to match the Japanese on the field, and without a well-furnished commissariat department, the Chinese Army was already reduced to a vast crowd and as a fighting unit had already lost its value. Yet it is admirable that, notwithstanding the early fears that the soldiery would resort to banditry, the army served as a protector of peace and order within the country. It should be remembered that after the occupation of keypoints—Mukden, Changchun, Kirin—the interior of the country was virtually left to itself; any connection with these seats of administration was severed, yet peace prevailed with only a few exceptions at certain points, as along the Mukden-Peiping Railway and in the Chientao district.

"Disciplining the Northeastern Army"

While the provincial authorities collapsed, replaced in the cities by the Japanese gendarmery and military police, the interior still remained under the control of the local authorities—magistrates and chiefs of police—all of them still loyal to the Chinese Government. During the first weeks of the occupation the populace felt, perhaps, only one change—the absence of any pressure on the part of revenue collectors, otherwise very conspicuous and annoying gentlemen, since the prefectural authorities became extremely clement in collecting taxes,—an act not quite unwelcome to the country folk. The general inertness of the authorities, gentry and populace at large might be explained by the declared temporary character of the occupation—at the outset of the incident General Honjo explained the action of his troops as being directed to "the disciplining of the Northeastern Army" for its alleged transgression on the Japanese "vested" rights and interests in Manchuria. The average Chinese keeps himself aloof from the army; the soldier's profession has never been regarded as a noble one; so it was within the bonds of his expectations that after "disciplining the Northeastern Army" the Japanese will halt and retreat to their lairs. Besides Gen. Honjo's declarations there were numerous utterances of the Japanese Government officials and particularly of Mr. Yoshizawa, made repeatedly at Geneva before the League of Nations early in November, 1931, that it was the Japanese Government's intention "to bring back their troops within the railway zone as soon as the safety of the Japanese nationals and their property is effectively safeguarded." All indicated that the occupation of Mukden, Changchun, Kirin and Yingkow was a temporary measure, that after the completion of "the disciplining of the Northeastern Army" the Japanese would return to their bases, so the populace kept quiet.

Another evidence of the absence of any alertness on the part of Chinese troops was seen in the conduct of vast contingents of them stationed at Harbin, Tsitsihar, Manchuli, Heiho and other points of North Manchuria, which, instead of jumping upon the invading foreign army, kept themselves calm as if this did not concern them. And those contingents had bases to fall back upon,—the artillery, the cavalry,—in short they were in a position to try to expel the Japanese army from Chinese territory. Yet they remained quiet, taking what is termed "the sitting on the fence" attitude.

Probably a month had passed since the initial drive on Mukden, when the Peiping authorities came to their senses and made an attempt to preserve at least the outward sign of ruling over Manchuria. They did it by the opening of Mukden Provincial Government at Chingchow, in the southernmost corner of Manchuria, General Mi Ching-lin, a right hand man to General Chang Hsueh-liang, having been appointed to the dubuous post of provincial governor. The appearance of this government had become felt by the appeals to prefectural magistrates and chiefs of police not to recognize any other government, which might be set up, and to resume sending revenues to Chingchow. And it should be stated that all the prefectures recognized the Chingchow Government and slowly began to institute a contact with it. The Japanese, in the name of the Kwantung Army, at the outset declared that they would not recognize the Chingchow Government, terming it as a "bogus" one, and that any connection with same, especially of the prefectural authorities, they would regard as a hostile act towards the Japanese Army. Thus for several weeks the population was left to itself and under the sway of extremely exaggerated rumors about the punitive expeditions from Peiping and the impending war between Japan and the Powers.

Bandits Become Active

First to come to their senses were bandits. It should be stated that there was no time when Manchuria (and China) was ever free from bandits, so they took advantage of the general slackness and started their operations. First to rise were the bandits of the Liaohsi region, west of Mukden, when they stopped the Mukden-Peiping express, full of refugees, then speeding to China Proper, and robbed all the passengers, including several foreigners. The robbery, then hailed as extraordinary by the size of the booty and the damage done to the railway, took place on September 27 near Jaoyunho station, some 50 miles west of Mukden. The robbers worked with admirable coolness and precision knowing well that there was no authority to call them to answer.

The first locality to retailiate in some way against the Japanese invasion was the Chientao district, a district contiguous to Korea and where the Korean population is the most dense one over all Manchuria. This district has long been noted for the troubles it has been causing to the Japanese which might be explained by the proximity of the Soviet frontier—Korean revolutionists have long been active in this district working among Korean settlers and escaping, when the Japanese police and gendarmery make the place too hot for them, to Soviet territory. So it is little wonder that, just two days after the occupation of Mukden, there arose a serious situation at Chientao, where Chinese mobs stormed school houses, Japanese consulates and police boxes, all this necessitating the dispatch of a special contingent of troops from Korea.

As said, besides these two minor and under the circumstances, quite admissible happenings, there took place nothing that could be termed anarchy—the interior of the country continued to live as before and under the rule of its usual administrators. The pronouncements "to punish the Northeastern Army" and "to preserve the lives and property of Japanese nationals" were so vague and obscure that, at first, neither the authorities nor the populace had any idea as what the Japanese designs were and just what they meant by the "punishment" of the allegedly guilty Chinese Army. Had they given out that the creation of the bogus State was their true intention, the populace would have risen in revolt, creating a virtual pandemonium. But this was not done and

it saved the situation. A turning point to anarchy took place when the Japanese began to extend the area of their occupation—directing it towards Tsitsihar. Again, it was not done straightforwardly; it was first prepared for by a roundabout way, through the bringing forward of a bandit chieftain, General Chang Hai-peng, who—it should be remembered—declared first independence from the rest of China and then began a march from his base (Taonan) to Tsitsihar with an intention to declare himself governor of Heilungkiang Province. This was contested by General Ma Chang-shan, hence ensued well-known battles on the Nonni River last year.

The So-Called Peace Preservation Commission

Another factor, which served as a curtain raiser for Japanese designs, was the creation of the so-called Peace Preservation Committee at Mukden under the chairmanship of Yu Chung-han. While the intentions of its members might have been quite loyal at first, under the pressure of the staff of the Kwantung Army it soon drifted towards complete independence from China, to the utter disgust and dissatisfaction of the populace at large. General Hsi Hsia, a proxy of Gen. Chang Hso-hsiang, governor of Kirin Province, became a target of popular criticism as soon as he declared the complete independence of that province from China. It was a popular sentiment that he (Gen. Hsi Hsia), by his pronouncement of independence, was playing into Japanese hands, and that he had better keep quiet in the manner of General Tsang Hsi-yi, civil governor of Mukden Province, who was then under personal restraint by the Japanese at Mukden.

A picture of two Chinese volunteers, part of a force variously estimated from 150,000 to 300,000, who have been fighting the Japanese in Manchuria for many months. The story of the various "waves" of volunteer resistance to the Japanese is described in the accompanying article from *The Review's* correspondent in Harbin.

Such being the general situation immediately after the occupation of Mukden and other key points, the Japanese launched a series of drives against the Chinese regular and irregular forces, drives aimed at the complete annihilation of any vestige of the Chinese authority in Manchuria whether it is military or civil. For the sake of brevity the objectives of each drive and how it was carried out may be stated in the following succinct form:—

First drive:—

Objective: Occupation of Tsitsihar and appointment of a pro-Japanese governor of Heilungkiang Province.

Commenced: November 4, 1931.

Ended: November 19, 1931, by occupation of Tsitsihar.

Troops: 2nd Division of Senday, commanded by Lieut.-Gen. Tamon (approximately 10,000 soldiers), assisted by Chinese troops of Gen. Chang Hai-peng, military commissnoner of Taonan (approximately 3,000 soldiers). Air base—Taonan.

Opposed by Gen. Ma Chang-shan, commanding some 15,000 infantry and 3,000 cavalry, three batteries of field artillery (12 pieces), his subordinates being Gen. Chung Chu-yuan and Gen. Yuan Chung-ku, commander of the C.E.R. Guards, stationed at Hailar and Manchuli, respectively.

Second drive:—

Objective: Driving away the so-called Chingchow Government and the establishment of an effective barrier against the infiltration of material help to the remnants of the Northeastern Army in Manchuria and also volunteers.

Commenced: December 12, 1931.

Ended: January 2, 1932, by occupation of Chingchow.

Troops: 2nd Division under Gen. Tamon, a brigade from the Himeji Division (under Maj-Gen. Murai), a mixed brigade from the Nagoya and Shizuoka divisions, a detachment from the 1st Division (Tokyo), the ambulance corps from the 4th Division (Osaka), the Hamamatsu Air Regiment, approximately 40,000 troops.

No opposition was met from the Chinese regular army, then commanded by Lieut.-Gen. Ying Chen, except minor artillery duels between the Chinese and Japanese armored trains on the Mukden-Peiping Railway. Protracted struggle with volunteers and real hunghudze nearly at all important places, most notably at Panshan. Tiengchuangtai, Koupandzu, Changtu, Tienkantung.

Third drive:—

Objective: Clearing away the area west of the S.M.R. Main Line and east of the Tungliao-Tahushan Railway of the remnants of the Chinese Army and the so-called "bandits."

Commenced: December 20, 1931.

Ended: About January 1, 1932 with the occupation of Fakumen.

Troops: The S.M.R. Guards under Lieut.-Gen. Mori, and a brigade under Maj.-Gen. Kamura, about 10,000 infantry, cavalry, artillery and air forces.

Chinese Irregulars Scared Out of Their Wits

No opposition worth mentioning was met from about 500 Chinese irregulars, sandwiched in between the Japanese forces converging upon them from the East, North and West. Considering the announcements from the Japanese headquarters that in the said area there were 15,000 regulars and 12,000 bandits, planning to attack the S.M.R., the expedition turned out a bluff, except scaring away said 500 Chinese irregulars out of their wits.

Even after the closing of the second and third drives the Chinese forces and masses remained in a dormant state as if they did not see the gravity of the situation. The surprising side of it was that the Chinese troops stationed in North Manchuria, namely, the C. E. Railway Guards, the garrisons of Harbin, Hailar, Manchuli, Suifenho, Heiho, Sansin, etc., which if combined into a single force, would have made a considerable fighting unit with the patriotically inclined country at its back, did not move a single step forward towards the fulfillment of a premier duty of every soldier—the protection of the country from any invading army irrespective of what flag it is. No hostile action of any consequence was shown either by the remnants of the Northeastern Army, then quartered in every populated area of Mukden and Kirin Provinces. Several attempts made by them to cross the S.M.R. Main Line and fly towards Chingchow were frustrated with more or fewer casualties on both sides. But all this showed no element of the unity of purpose—each unit of the refugee soldiers acted by its own volition, without any order from any direction—there was no uniting high command, which would have directed the remnants of the vast army.

The dormant state of the Chinese fighting forces in Manchuria during several months after the commencement of the Japanese invasion and which continued even immediately after the close of the second and third drives of the Japanese Army may be explained by the following reasons: (1) there undoubtedly was a psychological factor—the Chinese national sluggishness, the absence of alertness even in the face of grave national crisis, the reliance on some outside force for deliverance from the misfortune; (2) extremely stealthy way of the Japanese activities in Manchuria from the very start, when nobody could tell for certain what was their ultimate objective, what they meant by the "disciplining of the Northeastern Army" and what was the scope of their "safeguarding the lives and property of their nationals"; (3) the deliberations at Geneva served as a restraining factor, especially numerous admonitions from the League of Nations not to aggravate the situation and the Chinese Army in Manchuria kept to it as long as it was humanly possible; (4) there was no leader among the Northeastern forces who would have realized that the situation was so grave as to exclude the Chinese Army standing aimlessly, who would have come to the idea of the inevitability of an armed struggle against the Japanese—there was no leader among the Chinese forces in Manchuria.

The Declaration of Independence

Soon, however, the Japanese designs became discernible—the thick rumors about the forthcoming declaration of independence became subsantiated by two conspicuous appointments—that of General Tsang Shih-yi, former civil governor of Mukden Province under Marshal Chang Hsueh-liang, and of Gen. Chang Ching-hui of the Harbin Special District. The first gentleman was "released" from the personal restraint he was under and on December 18, 1931, placed on the chair of the provincial governor of Fengtien Province, and the second one—Chang Ching-hui—was "invited" by the gentry of Heilungkiang Province to occupy the post of governor of that province, which he actually assumed office on January 5, 1932. This post was vacant ever since Ma Chang-shan fled from Tsitsihar on November 19, 1931. Thus by the middle of January three provinces of Manchuria were nominally headed by three pro-Japanese governors, namely, Fengtien Province—by Tsang Shih-yi, Kirin Province by Hsi Hsia and Heilungkiang Province—by Chang Ching-hui. We say nominally because their actions were supervised and directed by numerous advisers appointed by the Japanese Army and who held (and are still holdng) full sway over all their activities.

Having progressed so far, namely, driving away the Chinese authorities out of Manchuria and placed its own puppets in all the three provincial capitals, the Japanese could now devote their attention to North Manchuria, the region said to be within Russian influence. And it should be noted that North Manchuria remained somewhat half-loyal to China—at any rate, the Chinese military leaders, who had still certain troops at their command, did not manifest their submission to the new regime installed in the provincial capitals of Kirin and Heilungkiang. Hence ensued protracted negotiations at Harbin between said generals and General Hsi Hsia of Kirin, in which negotiations the newly "selected" Heilungkiang Governor Chang Ching-hui played the role of a mediator.

For some reason said negotiations ended abortively, General Hsi Hsia failing to reach an understanding with the Harbin generals. First reports were to the effect that both the reluctant generals were going to accept the "new" Kirin regime, but this attitude was suddenly changed to that of hostile actions, which—it should be noted—coincided in time with the beginning of Shanghai hostilities (January 29, 1932). If there had been no Shanghai invasion the Harbin situation would have, probably, been turned to other, rather peaceful channels. With the Shanghai battle then raging, the two generals (Ting Chao and Li Tu) felt certainly that it was their duty to fight. Such being the case the Japanese had to crush North Manchuria by force and launched their next drive.

Fourth drive:—

Objective: Occupation of Harbin and extermination of the so-called Old Kirin forces and their government, then functioning at Binhsien, north of Harbin.

Commenced: January 28, 1932.

Ended: February 6, 1932, by occupation of Harbin.

Troops: The "New" Kirin army, several thousands strong with artillery, headed by Gen. Yu Hsiang-tsou, engaged the troops of General Ting Chao in battle around Harbin on January 28. On the same day the 3rd Japanese brigade (about 5,000 strong) under Maj.-Gen. Hasebe commenced to advance from Changchun, assisted by the New Kirin troops of Gen. Hsi Hsia. The onward march of the Japanese and said New Kirin troops was not opposed till they reached Hswangchengpu, where a first battle of note took place on Jan. 30, participated in by the 22nd brigade of Chinese troops commanded by Gen. Chao Tsi-tsen. Another and a final battle took place on February 4, 5 and 6 in the outskirts of Harbin, in which on the side of Japanese there were—the 2nd Division of Gen. Tamon, a cavalry regiment, a brigade of artillery, an independent infantry regiment, tanks and airplanes, all assisted by the troops of Gen. Yu Hsian-tsou. Ousted from their positions were the Old Kirin troops, commanded by General Ting Chao, which withdrew to Binhsien and along the Eastern route of the C.E.R.

General Ma Arrives at Harbin

A noteworthy side of this struggle was the arrival at Harbin of Gen. Ma Chang-shan from his retreat (Hailung), but he did not assist Gen. Ting Chao; on the contrary, he was reported to have been conferring with Gen. Chang Ching-hui, the mediator, concerning the way of inducing Ting Chao to be reconciled with the New Kirin regime.

Chinese "Red-Lances," who constitute a part of the Chinese National Salvation Army now fighting the Japanese in Manchuria, are common peasant youths who have volunteered for service. Mostly they are sons of Chinese farmers and since there are few rifles available they arm themselves with spears and lances.

The occupation of Harbin had served as a turning point to complete anarchy in Manchuria, for only then did the Chinese loyalists realize to the full extent of the real Japanese designs, design aimed at the complete breaking of Manchuria from China. Once having realized the magnitude of Japanese designs and consequently of the task lying before them, the leaders of anti-Japanese and anti-Manchukuo forces began to unite among themselves, which was, however, possible to achieve only in the middle of April, or six months after the commencement of the Japanese invasion and two months after the

appearance of Manchukuo. All the important news services, as the *United Press*, *Reuter*, and *Rengo* agree that only in April the so-called volunteers and bandits showed signs of some union, their activities thereafter being directed by a certain central organization. Up to that time they were only sporadic rebellions—or to speak more correctly—passive resistance against the Japanese designs,—or "sitting on the fence," easily handled by successive Japanese drives.

Thus has appeared the so-called National Salvation Army, made of various fighting units, then (early in April) confronting the Japanese and Manchukuo armies at various regions of South and North Manchuria. It is not quite clear as to who was made commander-in-chief of the new army—*Kuo Min* service stated that General Cheng Yin, acting chairman of Kirin Provincial Government (the Nanking appointee) was selected for this post, whereas *Reuter* stated that General Wang

This leaflet dropped on a Chinese village from Japanese airplanes shows a Chinese resident of Manchukuo appealing to a Japanese soldier for assistance in warding off bandits. The Chinese pointing to his ruined home appeals to the Japanese, "Your Highness, come and save us." The Japanese soldier replies, "Japan will exterminate all the bandits forthwith."

Teh-lin was appointed commander-in-chief with Gen. Liu Wang-kuei as his assistant. Passing over this rather obscure point, it should be stated that the disposition and objectives of each important unit of the National Salvation Army, as they stood early in April, 1931, might be described as follows:—

1st Route (Gen. Wang Teh-lin) in the region of the Kirin-Tunghua Railway, objective—Changchun and Kirin.

2nd Route (Gen. Feng Chang-hai) in the region between Changchun and Kirin, objective—Changchun and Kirin.

3rd Route (Gen. Li Hai-sin) in the region between Harbin and Tsitsihar, objective—Anta and Harbin.

4th Route (Gen. Ma Chang-shan) in the region of the Hulan-Hailung Railway, objective—Harbin and Tsitsihar.

5th Route (Gen. Ting Chao) in the Lower Sungari region, objective—Harbin.

6th Route (Gen. Li Tu) in the region between Harbin and Suifenho, objective—the Eastern Line of the C. E. R.

7th Route (Gen. Tang Chi-wu) in the region east of the Mukden-Hailungcheng Railway, objective—Mukden and Fushun.

8th Route (Gen. Lao Pei-feng) in the region south of the Mukden-Antung Railway, objective—stations of the said railway.

Other writers give even more units of the National Salvation Army,—up to twelve independent route armies,—but with due allowance for exaggeration we might accept the above table as fairly accurate, since the succeeding events confirmed its correctness. In this connection two points must be borne in mind: (1) approximately from February 10 to April 10, that is, for two months Ma Chang-shan was a dead letter for the cause of the loyalists, he then being in the Manchukuo fold, and (2) the C.E.R. Guards along the Western Line, commanded by Gen. Su Ping-wen, were "sitting on the fence", in fact those troops did not stir during the whole spring and summer.

Inherent Weaknesses of the Loyalists

Likewise there is no agreement of views regarding the actual number of the loyalist troops, the Japanese going so far as to estimate their aggregate number in the neighborhood of 300,000 soldiers. Leaving this matter to the future historians it should be stated that the whole force had certain inherent weaknesses, namely: (1) lack of bases, or they had no arsenals which would have supplied them with the continuous flow of arms and ammunition; in this respect they had to depend upon the supplies coming from China Proper,—a hazardous and unreliable mode of supply of war materials; (2) as it is seen from the foregoing table the component parts of the National Salvation Army were scattered all over a vast territory, in fact from the sea coast right up to the borders of Soviet Russia; then all the railways and water routes were in the hands of the enemy, so that there existed no effective inter-communication among various component parts, this communication being maintained by messengers, in the face of the absence of the telegraphic and radio communication; in fact, only a few commanders could boast of having these facilities; (3) the Army was composed not only of the remnants of the former Northeastern Army, admittedly having passed through a certain military training, but also of such irregular and undisciplined units as the Big Swords, the Red Lances and mere bandits, all united in the common hatred of Japanese in determination to oust them even at sacrifice of their lives; (4) leaders, in most cases, were persons wholly unprepared to meet the emergency of such a magnitude, and were mostly pushed to the fore by mere play of circumstances; it took a considerable length of time and the loss of countless human lives before they became adapted to guerilla warfare and could do harm to the Japanese Army. The betrayal of Ma Chang-shan, when early in February he went over to the Manchukuo regime, in which he played a prominent role and even assumed the post of War Minister in its cabinet, had a most demoralizing effect on the whole movement and especially upon its feeble and inexperienced leaders.

Being so disposed and having such inherent weaknesses the National Salvation Army was ready for offensive and in fact launched a series of drives against the united Japan-Manchukuo Army, throwing the country into virtual chaos. Thus the great guerilla war was started early in May, continued through the whole summer and autumn and at the time of writing this is far from being ended. Space is too limited to describe even the major battles the loyalists had this summer with their foes; suffice it to say that all and every important town was attacked, the railway service was thrown out of order on all Manchurian railways, including even the S. M. Railway. Such cities as Mukden, Changchun, Kirin, Harbin, Tsitsihar, Antung, Yingkow, Haicheng, Fushun, all were repeatedly attacked by the volunteers and sustained heavy damages. To cope with the situation the Japanese had to augment their forces up to 100,000 fighting men and with this army, then firmly entrenched at all strategic points of South and North Manchuria, they started and carried out a series of other drives, as a result of which the resisting power of the National Salvation Army got considerably crippled:—

Fifth drive:—

Objective: Clearing away the area between the C.E.R., the Hulan-Hailung Railway and the Tsitsihar-Kishan Railway from the N. S. Army units and the extermination of Gen. Ma Chang-shan's forces.

Commenced: April 20, 1932.

Ended: August 1, 1932, by occupation of Hailung and Fakumen.

Troops: Brigades under Generals Amano, Hasebe and Murai, about 20,000 troops, assisted by a cavalry division of 10,000 men, air units, operating in the area described and also down the Sungari River from Harbin as a base. Battles and skirmishes too numerous to de-

scribe. Opposed by Generals Ma Chang-shan, Li Tu and Li Hai-sin. Harbin and Sungpu attacked several times, witnessed by the Enquiry Commission of the League of Nations, then at Harbin.

Sixth drive:—

Objective: Clearing away of the area east of the Mukden-Hailungcheng Railway from the N. S. Army units.

Commenced: October 1, 1932.

Ended: November 1, 1932, by occupation of Tunghua, Chian and other points.

Troops: Cavalry troops of Hoshi and Kono assisted by the infantry and airforces, all of unknown strength. Opposed by Generals Wang Te-lin and Tang Chi-wu, both having, according to Japanese reports upward of 30,000 troops and Big Swords. Many battles too numerous to recite.

Seventh drive:—

Objective: Occupation of Manchuli and Hailar, both on the Western Section of the C.E.R. where the commander of the railway guards, Gen. Su Ping-wen, had "to come down the fence" by taking up the cause of the N. S. Army. Protracted negotiations from September 29, 1932, to Dec. 6, 1932, about the release of the arrested Japanese nationals, in which negotiations the Soviet side took an active part as a mediator. The first battle took place on October 1 around Angangchi, the Chinese side having been commanded by Gen. Chang Tien-ku, after which a lull reigned for about two months.

Commenced: November 28, 1932.

Ended: December 6, 1932, by occupation of Manchuli and fleeing of about 4,000 Chinese troops into Soviet territory led by their commander, Gen. Su Ping-wen.

Troops: The corps under Takanami, Hiraga, Mogi and Hattori of unknown strength advanced along the C.E.R. by trains and motor trucks, whereas an independent force advanced simultaneously from the south (Solun) assisted by about 1,000 Mongoliamen on camels. Battles at Fulaerchi and Chalantun, all conducted by General Chang Tien-ku. After taking Chalantun no opposition whatsoever, so that the Japanese accomplished their objectives without a shell fired.

Eighth drive:—

Objective: Clearing away of the district between the Mukden-Antung Railway and the sea coast from the units of the N. S. Army, commanded by Lao Pei-feng and, according to the Japanese reports, some 5,000 strong, including several bands of Big Swords. At the time of writing this the drive is in full progress, on the Japanese side taking part the Mukden and Antung Railway Guards reinforced by the police and the Manchukuo detachments. The Navy rendered an effective assistance from the sea coast.

Commenced: December 13, 1932.

Such is the history of the fifteen months of warfare in Manchuria told, for the sake of brevity, in the most succinct form. It should be borne in mind that, because of space, no data is given about numerous direct attacks made by the units of the N. S. Army on such points as Mukden, Changchun, Kirin and Harbin, countless attacks upon the railways, the history of all of which is yet to be written. And the struggle is far from being ended—it is taking the form of real guerilla warfare which will, by all appearances, last for many years to come. The leaders of the N. S. Army have realized that there is no possibility for maintaining the stand by extensive fronts, as in a regular warfare, and they are accordingly reshaping their tactics. It remains to be seen whether they will adopt the tactics of guerilla warfare, developed by the Red Russians during civil war in Russia, and which served so admirably to compel the Whites and their Allies—Czechs, Japanese and so forth—to withdraw from Siberia. One thing is clear and that is that the sufferings of the Manchurian populace are yet to come.

Harbin, December 28, 1932.

Trans-Siberian Mail Route Reopened--but Not from China

With reference to recent telegrams in the Shanghai daily newwpapers stating that the trans-Siberian route has been reopened it is to be borne in mind that this does not apply to letters dispatched from Shanghai, or from other cities in China, as the Chinese Post Office continues to maintain an attitude of non-cooperation with Manchukuo, and therefore mail matter to Europe from China continues to be sent *via* Suez or *via* America.

Peking-Mukden Railway Bondholders Are Safe, British Foreign Office States

Captain Anthony Eden, British under-secretary of state for foreign affairs, stated in the House of Commons Dec. 21 that the position of British bond-holders in the Peking-Mukden line had not been affected by the independence of Manchukuo. After repeated representations to the Chinese Government, he said, the latter had now advanced concrete proposals relating to the claims of British ex-employees of Chinese railways for money due at the termination of their services. Representations had also been made to China in respect of the default on interest and amortization of loans to Chinese railways. The Chinese Government had responded to the extent that the Ministry of Railways was devising means of liquidating the debt, but a settlement must await a definite scheme of collective treatment.

As regards the Tientsin-Pukow Railway, Captain Eden said he understood that arrangements had been made to pay monthly deposits into a special fund to accumulate a fund to meet arrears in the loan services.

Chamber of Commerce Objects to Stamp Tax Bureau Activities

Taking strong exception to the alleged unlawful and improper conduct of the so-called "inspectors" of the Stamp Tax Bureau, the Greater Shanghai Chamber of Commerce has submitted a petition to the Ministry of Finance urging strict regulation of the manner in which these inspectors should carry out their duties as well as a revision of the procedure whereby fines are imposed for evasions of the Stamp Tax.

It is alleged that under pretence of searching for unstamped documents, these inspectors often ransack the whole shop, upset everything, and cause such inconvenience and molestation as to seriously hamper the business of the merchants.

Dr. C. T. Wang Sued for Electricity Bill Due by National Road Commission

The Electricity and Water Supply Company of the French Concession has filed suit against Dr. C. T. Wang, former Minister for Foreign Affairs and Director of the National Road Construction Commission, in the Second Special District Court in Shanghai, because of the non-payment of water and electricity bills for Tls. 1,577.36 due by the Commission, against which Dr. Wang only wanted to pay $1.000. The Special District Court has ruled that the Company should bring suit against the Commission instead of against Dr. Wang, who is only a member of the Commission.

High Court Rules that San Yue Towel Factory Must Reopen

The management of the San Yue Towel Factory lost its appeal to the Kiangsu High Court at Soochow last week when judgment was given in favor of workers of the factory. The high court ruled that the factory management must abide by the first decision reached by the Nantao District Court two months ago, according to which the management of the factory was required to resume operations of the factory within three months. Before the formal resumption, the ex-workers were to be given a sum of $120 per day as expenses for food, it was ordered. The San Yue towel factory figured prominently in the Sino-Japanese hostilities at the beginning of the year.

Severe Earthquake Occurs in Kansu

Reports of an earthquake in Kansu on Dec. 21 were confirmed in a telegram received at the Ministry of Interior from Shao Li-tzu, Chairman of the Kansu Provincial Government. The immediate neighborhood of Suchow appears to have borne the brunt of the shocks, numerous houses in the city having collapsed and several persons injured. The tremors began at 8.04 a.m. and lasted for about five minutes. Less severe shooks were also felt shortly afterwards. According to seismographic recordings at Peiping, the center of the quake was to the south-west of Suchow and is said to have been of even greater intensity than that which occurred at Sinkiang in August last year

More Evidence of Japanese Brutalities at Fushun

BY C. Y. W. MENG (孟長泳)

SOMETIME ago, the Ministry of Foreign Affairs officially announced that it had addressed a vigorous note to Mr. Ariyoshi, the Japanese minister to China, protesting against the "wholesale massacre of Chinese at Fushun by Japanese troops" and at the same time refuting the Japanese note of November 26 denying reports of the alleged massacre.

After stating that the Chinese Government had received many authenticated reports of the Fushun carnage, the Chinese Note states:

"There are incontrovertible evidences which cannot be summarily dismissed by a mere statement of denial."

The Note further recalls the illegal occupation of Manchuria by Japanese troops and the unprovoked hostilities in Shanghai, and finally the wanton destruction almost daily of Chinese life and property. It adds: "Such cruelty as was shown by the Japanese troops in the methodical performance of the present massacre, not only called forth the greatest indignation of the Chinese people but also shocked the conscience of the whole world."

Referring to the Japanese Note stating that the publication of unfounded reports of the Fushun massacre is a serious reflection on the good name of the Japanese Imperial Army, the Note from the Ministry says: "In the opinion of the Chinese Government the Japanese Government could have done much to uphold the reputation of the Japanese Imperial Army by enforcing discipline from the very beginning and by ordering immediately the complete evacuation of Manchuria and the restoration of same to China."

The Note concludes with the statement that since there are incontrovertible evidences showing that a wholesale massacre had been perpetrated, the Chinese Government not only cannot accept the statement of denial contained in the Japanese Note, but also takes occasion to lodge a strong protest with the Japanese Government while reserving in the meantime all claims in connection with the incident.

A Sworn Statement

In addition to the "incontrovertible evidence," we recently received a sworn statement, made by a refugee who was one of the sufferers on the spot but who made a successful escape. His sworn statement, when translated, is as follows:—

"I am a native of Fushun. In the morning of September 16, 1932, a contingent Japanese of troops suddenly appeared in our village. They brought one translator who could speak Chinese fluently. They told us that the Japanese would like to use the village for the military drill and maneuver, and that all of us should remove to the top of the hill nearby. At that time we were having our meal. We told the soldiers that we would remove after the dinner. But the Japanese soldiers with fixed bayonets answered angrily "go go, go, etc." We lost no time in getting out of the village. But at the gate, we saw a group of old and young people and children walking under the Japanese escort on the way to the top of the hill. When we reached the top of the hill, we were told that the Japanese troops would carry out the military drill; we were told that the imperial commissioner was to distribute the 'alms' to us. While we were whispering to each other, another contingent of more than six or seven hundred old and young people and children were under the escort of the Japanese soldiers on their way to the top of the hill.

"Suddenly, an order was given; all the Japanese soldiers were spreading to surround us. The one who could speak Chinese uttered: "Now, His Majesty will give you money. You should one by one kneel down to thank His Majesty. I will first take a photo, and then will distribute the money." When the man was speaking so, the Japanese soldiers lost no time to fix up 'something' on the tripod which we thought was a 'camera! But some one nearby suddenly began to run about crying "Very bad, very bad, Japanese open machine guns on us!" Before finishing his words, Bang! Bang! Bang! etc., Japanese actually opened machine guns fire on the gathering. Pity! the 3,000 villagers, running, screaming, trampling one another, etc., falling over after another! 'Blood is much thicker than water!'

"I was lying amidst the fresh flood of the killed; among them were my brothers on my side. The Japanese soldiers passing by gave me another two kicks on my body with their boots. After that they thought I was also killed.

"When I heard no voices, and darkness began to set in, I ventured to open my eves but I could see only the piled up corpses with blood still flowing. When I further tried to raise myself to look forward, I could not find any living people. My mother, wife sister-in-law, brothers were all killed, while my son was killed in most shocking manner, having his head entirely broken.

"I was almost mad! When I tried to run back to my village, I could see my village was in flames. When I became more nearly normal I decided to run to my relative's home nearby. My relative regarded me as a 'bloody ghost,' for my body was covered with human blood.

"On the next day, my relative, fearing that the Japanese soldiers would search for me, gave me a suit of clothes and money and asked me to seek refuge in some other place.

"This is what Manchukuo is doing to its people. This is what is daily happening to the people in the North-Eastern Provinces (Manchuria)!

"If any word in this statement is forged, let God punish me."

Signed CHANG ING-JU, a refugee,
Dated December 22, 1932.

Nanking, Jan. 1, 1933

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(By a Correspondent)

In connection with the report of the wholesale massacre of the Chinese inhabitants in the vicinity of Fushun, numbering more than 3,000 people on Sept. 16 last by the Japanese soldiers, Edward Hunter, Far Eastern Correspondent of the *International News Service*, who had made a personal investigation of the affair on the spot, cabled on Nov. 30 last a lengthy dispatch to New York, confirming the truth of the report. Mr. Hunter's dispatch was translated in full and prominently featured in all the Chinese papers in Peiping and was also reproduced in some of the Chinese papers in Shanghai. Following is a translation of the summary of the dispatch as it appeared in the Peiping *Morning Post* on Dec. 20:

"The wholesale massacre of the 3 000 Chinese inhabitants at Fushun including men, women and children is an actual fact. I have just returned to that place (Fushun) and after making an inspection in the vicinity of the place, I discovered that most of the houses had been destroyed by fire set by the Japanese soldiers and the inhabitants, after being herded and assembled into one place by the Japanese, ruthlessly massacred by machine-guns in most horrible manner These things I have personally eye-witnessed and what I learned from the refugees has also been substantiated by indisputable evidence which admits of no doubt or argument. In the devastated villages, the remaining shattered brick and mud walls scorched red-dark by fire thrusted upward into the sky, like broken and amputated human arms and all the wooden frames of the houses have been reduced into ashes. The accounts of the massacre and destruction of the place by the different surviving Chinese refugee peasants, laborers and women from the various ravaged villages in the vicinity are all unanimous.

"When the Japanese soldiers arrived at Fushun, they treated the inhabitants as animals and herded and crowded them into pigpens. After all the inhabitants had been assembled together, the Japanese soldiers drove them to a mountain slope and masacred them by machine-gunning. At the same time, they set fire to the houses of the villages fueled with kerosene. Inquiries as to why the Japanese had taken such stern and ruthless measures against the villagers of Fushun always bring forth the same reply: the Japanese wanted to retaliate upon the inhabitants of Fushun. For, during the middle of September last, the Chinese volunteers attacking Fushun were allowed to pass through the villages. The assault involved the Japanese in heavy losses of over $350,000 and the killing of several Japanese residents. For this reason, the Japanese made terrible retaliation upon this particular village. But on the part of the Japanese, they admitted that the volunteers who attacked Fushun were not natives of the village whose inhabitants they have mas-

sacred, but came from a district called Hsin-ping, about 40 miles east of Fushun. They were the Red Spear Corps organised by the primitive-minded people there and the weapons they employed consisted of only red spears.

"As I stood on the slope of the mountain which was the center of the area where the massacre of the Chinese peasants took place, I could command a general view of the vicinity and see nothing but victimised peasants and women and children clad in ragged peasant clothes stained with blood and scattered mounds of earth which are all new graves. According to what I smelt, I could testify that this was the actual scene where the massacre took place. When I was there observing, a high-spirited Chinese peasant followed me up to the slope. For at a place about one mile from the scene of the massacre, there is a little cottage where a Japanese woman stays, equipped with a telephone. Whenever she sees anybody at the place of the massacre, she will immediately notify the Military Headquarters at Fushun and therefore, the villages are all afraid of approaching the place. That little cottage is perhaps the abode of some ghost, for it is the only house which was spared from destruction."

Then Mr. Hunter described his visit to the first of the villages which were destroyed by the Japanese. The village lies about eight miles away from the Fushun Station and was very difficult and dangerous to approach. He observed that the desolations were wide-spread and most intensive and not even one piece of household utensils was left intact. The only life in the village was perhaps the flights of crows soaring over smokeless chimneys. He said when he was going into the villages to conduct the investigation, he always stopped on the way to talk to the passers-by and exchanged accounts with them of the massacre at Fushun and each man he met had his personal experience to tell. He came across one man named Jung who said that his two sisters were killed, but fortunately his parents were not hurt. Although the total casualties amounted to more than 3,000, Mr. Hunter found, only about 200 were killed in that village, for it is near to the city (Fushun) and had learned of the arrival of the Japanese earlier than others. Jung told him that one family who refused to follow his advice to escape was all killed and their house had been destroyed. According to Jung, the Japanese airbombers played less havoc than the incendiarism and machine-gunning. He said further his village had about 400 households and the Japanese troops were stationed in the mountains and completely surrounded it, thereby making escape impossible. The villagers were all driven to the foot of the mountain and then the Japanese set fire to all the houses and burnt down the whole village.

Mr. Hunter said that from his observations, the brutal and horrible retaliation of the Japanese was an organized and systemetic process of destruction and was carried out with the same exactitude as that of the schedule of the South Manchurian Railway trains. He went up further and reached another village which was formerly a most prosperous district for Chinese pottery, but what is now left of the village consists only of piles of broken bricks. He said that when he entered into some of the pottery manufactories, the inmates invariably pointed out to him the places where their friends, or parents or relatives were crushed or burnt to death. Such horrible details, Mr. Hunter described, could be hardly completely recorded.

The massacre of Fushun was not only limited to the above three mentioned villages, but actually involved nine villages. According to his investigation, the Tatungchia village, lying about ten miles south of Fushun was subjected to a similar wholesale massacre by the Japanese six days before the volunteers made their attack upon Fushun. These isolated massacres may be fittingly described as a general slaughter of Fushun. The foregoing information, Mr. Hunter stated, was obtained by his personal investigations under dangerous circumstances and from conversations with the victimised villagers.

Next, Mr. Hunter described the destruction of two other villages named Tatungchow and Mengchiakou and the indiscriminate massacre of the inhabitants. When the Japanese first arrived at Tatungchow village, they shot and bayonetted over twenty Chinese men and women and children on the streets they encountered and later they bombed the village with airplanes and set fire to the houses which resulted in the destruction of one hundred buildings. According to the surviving refugee villagers of Tatungchow, a force of about 6,000 men consisting of both volunteers and the Red Spears Corps coming from Hsin-Ping district about 40 miles from Tatungchow had launched an attack on Fushun. They advanced from three different routes, but only the central force succeeded in entering Fushun. They commenced the attack on Fushun at mid-night and the populace of the city was aroused from their sleep and made a hurried escape at 3 o'clock in the morning. The first detachment of Japanese troops from Mukden to repel the Chinese volunteers consisted of only 600 men and was afriad to pursue the volunteers, but retaliated upon all the villages which had allowed the three routes of the volunteers and the Red Spears to pass, by massacre and incendiarism. The Right Wing of the Red Spears Corps retreated from the outskirts of Fushun southwards by way of Pingtingshan and Litsekow where there were more than 6,000 inhabitants. According to accounts made by the refugees of these two villages, and particularly by a man named Fu, the Japanese troops upon arriving there rounded up several thousands of inhabitants and assembled them on a mountain slope. Then, the Japanese soldiers ordered them to stay there and forbid any one of them to move about. In the meantime, other parties of Japanese soldiers went into the villages and made search for members of the Red Spears and all peasants they met and considered as belonging to the Red Spears Corps were killed and their houses burnt down. Shortly afterwards the Japanese announced to the assembled people on the slope that they would take a group photo of them, but the wretched villagers found no photograph apparatus in evidence, but only saw machine guns and rifles. In this way the Japanese troops opened fire and trained their machine guns on the assembled refugees on the slope and massacred them. After the first volley, suddenly a Korean cried out, announcing to them that "The Japanese have retreated, you can stand up." Those who were able to stand up and attempt to escape were immediately mowed down by the second volley of machine gun fire and dropped dead in response to the firing. Not satisfied with these measures, the Japanese soldiers went up the slope and kicked the bodies of dead peasants. If any one moved upon kicking, they were bayonetted to death. Fu said that he, being covered by blood of his mother and lying motionless, was passed by the Japanese as dead and thus escaped.

Finally, Mr. Hunter described the destruction of several other villages and concluded that the volunteers and Red Spears were continuing to make attacks upon Fushun and rifle reports were audible from time to time inside the walled city of Fushun.

War Debts Discussions Cause Heart-burnings in High Places

Recent discussions on the subject of war debts due by various European countries to America caused somewhat strained relations between distinguished personages both in England and in the United States. In England, as a result of a debate in the House of Commons December 14 when former ministers gave their accounts (which were divergent) of the circumstances in which the original settlement with the United States was made, a member of the House of Lords on December 22 mentioned that ex-ministers who revealed the secrets of cabinet meetings were liable to two years' inprisonment. This brought a "dare" from Lord George to Lord Halisham to jail him. In the United States, the parleys between President Hoover and President-elect Roosevelt on war debts showed such divergence of views that the latter went off on a fishing trip, after having received a report from Norman Davis, chief United States delegate to the Disarmament Conference.

Indian Round Table Conference Comes to an End

The Indian Round Table Conference in London came to an end December 25 with an agreement on many points, notably in the realm of franchise. On other points, especially certain aspects of finance and Army matters, deep divisions of opinion remain. The next step will be a joint select committee leading to the introduction of an historic bill to give India a new parliamentary system. Sir Samuel Hoare promised full consideration of the appeal for the release of Mr. Gandhi and other political prisoners. The conference, he said, had clearly delimited the field on which a constitution was to be built and had created an *esprit de corps* among all the delegates, who were now determined to see the building of that constitution completed at the earliest possible time.

Reflections on Chen Fu-mu's Ignominious Case

BY PAUL K. WHANG (汪仲芳)

FROM the indictment instituted against Chen Fu-mu and Li Kuo-chieh, respectively former government supervisor and general manager of the China Merchants Steam Navigation Company, the fact seems to be definitely established that the ex-government supervisor, acting concurrently as vice-Minister of Communications, has been the recipient of a bribe to the extent of Tls.700,000 from Li Kuo-chieh as a consideration for his sanction and approval of the loan agreements entered into between the China Merchants' and the China Realty Co., Fed, Inc., U. S. A.

So far the whereabouts of the former vice-Minister has not been traced. As soon as he got wind of the news of the nationalization of the China Merchants' he immediately withdrew from the local banks his ill-gotten money which he had deposited under assumed names, and hastened his departure from Shanghai to Hongkong. While in the British Colony, under the aegis of foreign protection, he was defiant in his attitude and ignored any requests on the part of the Nanking government asking him to come over to Shanghai to prove the case. Later, sensing that he was not even safe in Hongkong, he disguised himself and boarded a foreign ship for an unknown destination.

Thus Li Kuo-chieh had to face trial alone before the Shanghai District Court. Since the exposure of the loan agreements in the early part of November, last year, he had been detained and placed under surveillance by the government. In his pleadings before the Court, he pictured himself as a scapegoat, but this could not save him from the charges of bribery, malfeasance of duty and of causing damage to the property of the shipping company. As a result, he was sentenced to three years' imprisonment and deprived of his civil rights for four years.

Chen Fu-mu in Office Only Eight Months

Chen-Fu-mu, before becoming the vice-Minister of Communications, had been a minor official, unknown and unheralded. At the time when Wang Ching-wei became the President of the Excecutive Yuan last Spring, he was appointed to that important post because of his personal affiliation with a certain influential official. Though his tenure of office did not last longer than eight months, his official record was marked with many black spots, in addition to the China Merchants' case, which hastened the downfall of his political star. He was especially denounced by the postal workers and the opponents of the Sino-Mackay Radio Traffic Agreement. With the recent change of government, his backer was no longer there, and therefore he was compelled to resign long before the exposure of the Tls. 700,000 bribery case.

As the government supervisor of the China Merchants he connived with Li Kuo-chieh in perpetrating evil practices in the purchase of coal and stores so as to enrich themselves at the expense of the Company. It has been said that under their joint administration, the Company paid three taels more for every ton of coal purchased than the market price, and the loss to the Company under the item of coal alone would amount to something like Tls. 300,000 every year. Besides corruption, nepotism was openly practised among the relatives and political friends of these two government appointees.

At the time of his inauguration as the government supervisor of the Company, he made a very eloquent speech depicting the corruption and nepotism for which the China Merchants' was notorious, and enjoining his subordinates to cooperate with him to build up a "clean and honest administration." Certainly he spoke these words with his tongue in this cheek, or he had a different interpretation of what is meant by a "clean and honest administration."

Not an Isolated Case

But Chen Fu-mu's case is by no means an isolated one, and nowadays cases of bribery perpetrated by government officials are too numerous to be particularized. All the wide publicity on the case seems to be unwarranted, when cases more spectacular than this one have been aptly muzzled and allowed to pass unnoticed, Under the rule of the Kuomintang Party, in spite of the cries of building up a "clean and honest government," the national and provincial governments have still been in the firm grip of nepotism and corruption. Political morality and ethics have long lost their meaning, and honest officials are as rare as the morning stars.

The officials, civilian and military, can seize revenue, accept bribes, extort money from the people and indulge in illicit trade with impunity, so long as they have either soldiers or influential persons to back them up. The laws, one must regret to say, are dead letters, and they are only applicable to the poor people and to the officials who have no support or lost their support. An influential man can escape the laws by perpetrating evil practices, but an official without influence will have severe punishment meted out to him if he accepts a small bribe of a few hundred dollars. A government leader can safely engage in the smuggling of opium by shiploads, but a poor man if he is found to have a tael of opium in his pocket, will be sent to prison and fined.

The Examination and Supervisory Yuans are nothing but superfluous organs. The selection of government personnel is not based on competence and character, but on party affiliation and personal relationship. Any common person can aspire to an important government post if he can manage to win the favor of some influential official by offering bribes or resorting to some other infamous method. The office thus secured is looked upon as an investment, out of which the investor must reap all the profits within the shortest possible time, before he will be asked to vacate his post to make room for some other fortune seekers who are lining up to await their respective calls. Under such an environment, how can we expect the government officials to be clean and honest?

Although the Supervisory Yuan has been specially established to look after the conduct of the government officials, it is impotent in the face of influential persons, who are above censure and impeachments. None will understand the situation better than the members of the Supervisory Yuan themselves, one of whom made the following remarks last July:

Need for General Housecleaning

> "For the last two years, thousands of impeachments have been made by the Supervisory Yuan, but they have been generally shelved and not acted upon. The civil administration of all provinces, except Shantung and to a lesser extent, Kiangsu and Chekiang, is featured with nepotism and corruption. The servants of high officials can aspire to the offices of city magistrate through their masters' influence, and the movie 'stars' can secure government offices for their friends through recommendation to their intimate corrupt officials. Thus the government offices have been filled up with corrupt officials. Since every official is as bad and corrupt as the other, it is useless to single out any one for impeachment. Even though impeachmeuts have been instituted against them, they are usually protected by their influential backers."

Thus Chen Fu-mu was merely a victim of circumstances, and he did what the others would do in his position and in similar circumstances. Unfortunately, because of the political change, he lost his support and became a *persona non grata* with the present government. Otherwise, if he was still backed up by his influential political friends and retained his government post, who would have the temerity to raise a finger against him? Possibly his bribery case would be muzzled and never exposed to the public.

That the government should take a strong action against Chen Fu-mu and his ilk is most welcome, but its action should not be confined to those who are already down and out. In order to build up a "clean and honest government," it should without discrimination censure and impeach any government officials, high and low, and give due punishment to any one who is found guilty, no matter how influential is his backer. The "house-cleaning" process has been long overdue, and the Kuomintang government, in order to restore its good name, can no longer ignore this much-needed reformation, which will pave the way for the institution of a "clean and honest government."

The exposure of the present bribery case coupled with its wide publicity may have a good effect upon the people in awakening them to the fact that henceforth they should watch carefully the conduct of public servants. With the growth of public interest in governmental affairs, it is expected that the people will exert their moral influence to support the Supervisory Yuan in its process of weeding out the corrupt officials.

Shanghai, Jan. 1, 1933.

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1932 Was Momentous Year for China's Industry and Commerce

BY HO PING-YIN
(Director, Bureau of Foreign Trade)

THE year which has just closed was one of the most eventful in the history of China. The overwhelming force of the general depression which has swept the entire world has not exhausted itself, and the effects are still felt in every part of the globe. The abnormal expansion of the modern capitalistic system has brought about a new set of circumstances in the form of trade depression, fall in silver values and commodity prices, etc. To some extent these phenomena gave opportunity to China for the development of home industry and commerce, thus strengthening the national economic structure, but these opportunities China was prevented from taking advantage of by a sequence of events during the course of the year, which shook the very foundation of national existence. The year opened with the nation finding itself in a most critical situation: with the military occupation of Manchuria by the Japanese, the after-effects of unprecedented floods, and innumerable troubles which made the situation more and more serious. Following the Manchurian incident came the outbreak of Shanghai hostilities, yet another severe blow to industry and commerce not only of the Shanghai district but of numerous other places which depend on this city as an outlet for their products and a source of supply for their needs. The damage thus done was so great and its effects so ruinous that complete recuperation will not be possible for years to come.

Despite most unfavorable circumstances, highly creditable endeavor was made by some of the industrial and commercial firms which survived the hostilities to carry on business courageously. There was a movement for the use of home made goods as a substitute for imported articles dumped on the Chinese market. On the part of the Government support was given to various industries, especially to the silk and tea enterprises, which were on the verge of collapse. Strenuous efforts were also made by the Government toward materialisation of the plan for the industrialisation of the Yangtse. Progress has been made in the establishment of a State steel-works and an ammonium sulphate factory. In regard to agriculture, the year was one of plenty, there being good harvests of rice, cotton, and other farm products. The Communist disturbances which had so long menaced peace and order in the country are almost completely suppressed. In the present national crisis, it is gratifying to have these encouraging signs which give hope of a revival of industry and commerce.

The Shanghai Incident and Its Effects

The most adverse influence upon industry and commerce in China during 1932 was that of the Shanghai incident at the end of January and during February. Shanghai being the main import and export center of the country has also become the industrial and commercial center. The amount of foreign trade handled represents over 50% of the total volume for the whole of China. Financially, too, it holds premier position in the country, with 23 foreign banks and 90 Chinese banks operating with aggregate capital of $110,000,000 and $600,000,000 respectively. In and around Shanghai there are over a thousand factories of all sizes, employing 400,000 workers. As a result of the hostilities part of this great and properous city has been reduced to ruins, with industry and commerce crippled, and the effect was so far-reaching that no part of the country escaped being affected. The aggregate loss and damage, according to estimates made by the Central Statistical Bureau, amount to over one and a half billion dollars! The Chapei district, a very densely populated area, had been the home of numerous small-scale industries, and during the hostilities most of these concerns came to an end with the destruction of the district by Japanese bombing and gunfire. Tremendous damage was sustained by the silk-weaving, knitting, leather tanning, toilet articles, glass, medicine, enamel, and printing industries. With the sole exception of the printing industry, which was on a very large scale, all the others were but small enterprises, but they formed the foundation of our home manufacturing industries, and the Chapei district was the center of these factories. These industries sprang up and gained importance only in recent years, and as the result of the "use of home-made goods" sentiment prevailing among all classes of people, and owing to the abnormally high price of foreign goods due to the fall in silver values, these home industries had made rapid progress. Now they are the prostrate victims of Japan's undeclared war in and around Shanghai, and it will take years and require an enormous amount of capital to recover the prosperity enjoyed before January 28, 1932.

Outside Markets Demoralized

Because of the close business relations between Shanghai and many other places, the "war" last winter exerted influences direct enough to disorganise numerous markets elsewhere. In Tientsin the cotton, wool, leather, fur, and other industries, the products of which have been the main item of trade in the northern port, were forced to suspend operations. Shanghai ceased to be the market for Tientsin cotton, and was not able to sell to Tientsin the large amount of cotton yarn cloths it used to. In Shantung province one of the large coal-mines operated by the Chung Hsing Mining Co. sustained considerable loss, business dropping to one-third of normal, shortage of transportation facilities resulting in huge stocks of coal being left at yards. Tsingtao peanuts, hemp, etc. used to be shipped in large quantities to Shanghai, also accumulated in the producing places. Hankow, the most important port on the Yangtse, had suffered most seriously from floods the previous year, and before any recovery could be made the situation was further aggravated by the Shanghai "war." Financial difficulties became most serious, while river navigation was suspended, leaving goods stored in warehouses waiting for shipment. Industrial and commercial activities shrunk to a quarter of their extent. Exports of cotton, tung oil, tea, hemp, eggs, leather, etc., ceased completely for months. In Nanking, the political center of the country, the prosperity of local industry and commerce depends largely on the local population, which varies in size with any political change that may occur. The removal of the national Government to Loyang left the capital city almost deserted, which condition gave rise to grave disorder in financial and commercial activities. Nervousness among the people resulted in runs on banks, while the native banks refrained from extending their usual credits. Many industrial enterprises suspended operations, including the famous Nanking sateen industry. Equally deplorable conditions were seen in Hangchow as the effect of the "war," which crippled 70 per cent of the silk concerns, resulting in the closing of over 100 silk weaving factories, and five hemp and jute mills. Even the most famous cotton weaving mill, the Yuan Li, was not able to stand the strain and closed down. In other cities and towns along the Shanghai-Nanking Railway general industrial and commercial stagnation prevailed, due to the interruption of transportation by the hostilities in and around Shanghai.

As for the South, very close economic relations link Canton and Hongkong with Shanghai. Shipments of cereals from Shanghai to those two places, and movements of miscellaneous raw materials in the other direction, were entirely stopped. Foreign manufactured products usually imported into China through Hongkong were all stored in that city awaiting developments.

Shanghai Hostilities a Blow to Trade

The effect of the Shanghai hostilities, to sum up, was most seriously felt along the Shanghai-Nanking and the Shanghai-Hangchow-Ningpo Railway, with North and South China affected to a less serious degree. Shanghai holds the key position as feeder of cities and towns south of the Yangtse and the upper Yangtse ports, thus points in these areas were more directly affected by the fighting and the paralysis of trade caused by hostilities.

Notwithstanding that Shanghai has gone through an unprecedented crisis, it is still able to maintain its position as the center of industry and commerce of the whole country. With a few exceptions, most of the modern

factories operated on an extensive scale, like those of the silk industry, were fortunate to escape destruction, and circumstances after the close of hostilities, the spirit of "use home products" and general refusal to use Japanese goods, afforded excellent opportunities to the small industries for a rapid recovery. In recent months the number of factories resuming operations amounted to over 900, while about 300,000 laborers have returned to work. Export trade since the autumn showed signs of revival, especially in the case of silk and tea, which had previously experienced a very hard time. Meanwhile no effort has been spared by the Municipal authorities in the work of restoring war devastated districts and the building of the civic center of the municipality of Greater Shanghai, and to facilitate this work a Municipal loan of $6,000,000 has been floated.

One matter which calls for serious attention is the dumping of a huge amount of goods, especially cotton goods, along the Yangtse by the Japanese at prices lower than cost. This plan to recover a lost market has already attained some degree of success, and the Hankow and Foochow markets are full of cheap Japanese goods. During the autumn millions of dollars' worth of Japanese products were poured into these two places. In Wuhan alone the value of Japanese goods dumped during August and September was over 10 million dollars. Marine products imported into Hankow during October amounted to over 10,000 tons. The total value of Japanese goods imported for the month of August was almost $30,000,000, showing an increase of over $2,000,000 over that for the corresponding period the previous year. More than 25,000 tons of goods were imported from Japan into China during the first half of November, which is equal to three times the amount for the corresponding period in 1931. Especially large amounts of coal from the mines of Fushun, in the province of Liaoning, operated by Japanese, have been dumped into the market in Shanghai and Hankow. The amount of Fushun anthracite stored in Shanghai alone was over 40,000 tons. The fact that this dumping policy will prevent the early recuperation of Chinese industry and commerce should not be overlooked.

Cotton Industry After the Shanghai Incident

In recent years, though our industries have not developed as much as expected, the import of machinery, metals, and iron and steel products has increased six-fold from 1912 to 1932, the Customs figure having risen from 22,000,000 Hk. Tls. in 1912 to 120,000,000 Hk. Tls. in 1931. This increase, even allowing for the difference in dollar exchange (2s. 8d. to 1s. 4d.) certainly indicates that Chinese industries have been growing, but to depend entirely upon foreign countries for supplies essential to the very existence of our industries must be detrimental to the industrial growth of this country. A study of the following tables will reveal the fact that China must have her own basic industries in order to build a strong foundation for future industrial development.

The following table shows the value in Hk. Tls. of machinery imports from 1911 to 1932:

	Agricultural Machinery	Electrical Machinery	Printing Machinery	Prime Movers	Textile Machinery	Total (including items not listed)
1912	60,798			544,198	454,722	4,533,791
1913	112,700			642,209	836,864	4,700,155
1914	53,145			1,050,640	2,035,644	8,035,716
1915	53,935			671,612	1,410,988	4,380,749
1916	204,520			567,503	1930,657	6,088,897
1917	108,190			327,528	1,216,153	5,439,770
1918	164,188			646,023	1,658,074	7,861,594
1919	53,022			1,589,405	3,714,011	15,336,287
1920	1,004,277			2,347,634	6,903,610	24,158,067
1921	2,192,404			5,109,007	26,783,011	57,327,643
1922	695,733			2,395,490	30,484,376	51,066,854
1923	301,716			1,474,349	12,316,486	28,036,336
1924	279,977	807,581	1,032,449	1,963,229	5,510,631	23,702,243
1925	161,688	858,151	651,487	1,919,784	21,406,827	16,720,860
1926	52,540	831,606	579,681	1,901,407	4,057,796	18,192,603
1927	665,976	1,291,531	434,528	2,979,961	3,709,254	19,743,096
1928	743,364	1,315,912	769,093	2,565,988	4,105,157	21,641,366
1929	1,407,226	2,532,179	1,229,593	3,400,703	8,931,751	33,847,091
1930	1,489,757	3,538,245	1,115,867	3,756,564	13,994,663	47,459,094
1931	682,198	3,676,682	731,630	5,670,520	13,800,616	44,875,346
1932	54,294	2,939,592	429,573	3,327,618	7,209,368	22,952,127

(from Jan. to Sept.) (in G.U.)

The following table shows the total annual value in Hk. Tls. of metals, and iron and steel products imported into China from 1912 to 1932:

1912	18,242,082
1913	28,973,052
1914	28,423,170
1915	18,452,170
1916	25,907,732
1917	25,007,211
1918	37,379,155
1919	56,354,302
1920	61,426,255
1921	60,044,642
1922	49,909,934
1923	70,025,775
1924	70,025,775
1925	43,153,157
1926	52,193,198
1927	50,205,383
1928	67,492,754
1929	70,718,187
1930	75,511,921
1931	84,850,294
1932	40,731,323

(from Jan. to Sept) (in G.U.)

Realising the importance of this matter, the Government has drawn up a Four Year Plan, according to which the Yangtse Valley is to be made the center for heavy industries in China. During these four years the Government will seek to develop the following industries: coal, petroleum, copper mining, machine shop, automobile, electrical materials and fitting, ammonium sulphate, sugar, paper and porcelain, and will also establish a State Steelworks and power plant.

The State Steel Works.—In establishing this enterprise, the Government aims at building up the foundation of industrial development in the Yangtse Valley. It is expected that the iron and steel products of this factory will supply the growing demand of Chinese industries, and eventually take the place of imported goods.

As an enormous sum of money is required to finance an undertaking of this kind on such a large scale, and the Government could not allot a sufficient sum for this purpose under the present circumstances, it was felt necessary to make use of foreign capital. The Kondorfer interests, representing 13 German iron and steel producers, expressed willingness to furnish, in the form of a loan, all the machinery and material necessary for establishing this enterprise, and to complete the work of construction within three years. After considerable consultation and negotiation, most of the terms have been agreed upon, though no formal contract has been signed. The draft agreement reached by the representatives of the Government and the Kondorfer interests respectively, is briefly as follows:

(1) The sum required to establish the steelworks, including a coke-plant and several coal mines, is estimated at $80.000.000, which is to be advanced to the Chinese Government, bearing interest at the rate of 7 per cent per annum, to be repaid in full in seven years after the formal opening of the factory.

(2) All materials and machinery, before being sent out to China, shall be examined by experts despatched to Germany by the Chinese Government for that purpose.

(3) The management of the steelworks shall be directed by the Chinese Government.

As security for this loan, the Ministry of Finance will issue an equal amount of Treasury notes, and payment of interest and principal will be administered by a special commission.

As to suplies of raw material, iron ore from Tangtu (當塗), Anhui Province, and from Tayeh (大冶) and Yocheng (鄂城) Hupeh Province will be used, and coal will be supplied by the Lishan (立山) and Leichiakou (雷家溝) mines in Anhui. The annual output is estimated as follows:

1. Coal ..... 1,000,000 tons
   (For use of Steelworks only)
2. Heavy Structural Sections .. 40,000 „
   (Angles, joints, girders, tees, etc.)
3. Light Structural Sections .... 40,00 „
   (Bamboo, bars, sheet bars, light angles, etc.)
4. Heavy and Light Rails .... 60,000 „
   (Including crossings and turn-tables)
5. Steel Plates ..... 10,000 „

In addition, the Steelworks will be able to dispose of a considerable quantity of gas and other by-products from the cook-overs.

The Central Machine Shop—The establishment of this enterprise was proposed by the former Ministry of Industry and Commerce, and passed by the Fifty Plenary Session of the Second Central Executive Committee of Kuomintang, and the Third Plenary Session of the Third Central Executive Committee, but formal organisation

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

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was delayed owing to lack of funds. In 1931, however, the Central Political Council passed a resolution to the effect that one-third of 43 per cent of the British Boxer Indemnity Fund designated for conservance of the Yellow River and development of electrical industry should be appropriated for developing basic industries. In April, 1932, therefore, the plan was resumed and a preparatory office opened, under the auspices of the Ministry of Industry, with authorised capital amounting to $3,100,000, of which $2,500,000 intended for the purchase of machinery was to be drawn from the Indemnity fund. With regard to the remaining $600,000, the Ministry obtained a loan from the Board of Trustee of the British Boxer Indemnity Fund upon the security of the revenue from mineral taxes, a formal contract to this effect being signed in October, 1932.

San Tsa Ho (三叉河), Nanking, was first selected as the site of the machine-shop, but on account of unforseen difficulties, Tsao Hsieh chieh (草鞋街) was eventually decided upon as being more suitable.

The object of such a machine-shop is twofold: namely, to provide machnery for Chinese firms, and to assist in the development of small machine-shops. The machines to be made will be exclusively those of wide application, as follows:

Forge department—Drills, bolts and nuts, shovels, screws and other articles as specified by outside orders.

Foundry—Cast-iron pipes, pipe joints, galvanised castings, and other articles as specified by outside orders.

Lathes—Ordinary lathes, special lathes, drilling machines and planers.

Diesel Engines—Diesel engines for land and marine use, and spare parts and accessories.

Miscellaneous—Water pipes, steam engines and valves.

Necessary machinery for the machine-shop has been ordered from Great Britain through the Board of Trustees of the British Boxer Indemnity Funds, mechanical exports having been sent to England by the Ministry of Industry to assist in the purchase.

The Ammonium Sulphate Factory—This is a joint enterprise of the Chinese Government, Imperial Chemical Industries (Great Britain), and the Deutsche Stickstoff A. G. (Germany). The proposed capital for this factory is $15,000,000, the British and German firms sharing $7,000,000, while the remainder is to be subscribed by the Chinese Government and private investors. To facilitate working out preliminaries, a special office has been established in Shanghai under the auspices of the Ministry of Industry. Investigations were completed in April, 1933, and the contract signed in June by the parties concerned has been submitted by the Ministry to the Executive Yuen for registration.

Imports of ammonium sulphate have increased sevenfold within the period from 1924-1930, in which latter year over 185,000 tons, valued at 18,000,000 Haikuan Taels, or $27,000,000, was imported.

A Help to Agriculture—A Reserve for War

The establishment of an ammonium sulphate works by the Ministry of Industry is not only with the idea of balancing our foreign trade, but to develop basic industry and strengthen our national defence. According to the agricultural census made in 1913 there were than 1,500 million *mow* of arable land in China. Assuming that 10½ catties of fertilizer were used per mow, we would need about 10,000,000 tons of ammonium sulphate to keep the land fully productive. If the chemical were manufactured by our own factory, the development of agriculture by supplying farmers with cheap fertilizer would be a simple matter. More than this, however, the ammonium sulphate factory will supply by-products such as sulphuric and nitric acids, which form the basic raw materials for so many manufacturing industries, and also take a very important place in national defence, as such a factory can be easily converted for manufacture of military supplies.

As ammonium sulphate is prepared from iron pyrites, coal, and coke, the factory should be located either in an iron and sulphur field or in the neighborhood of a steel works, so that gas made at the works as a by-product can be utilized to reduce the cost of production. The process to be used will be the modern one of taking nitrogen from the air and by reaction with sulpharic acid making ammonium sulphate. It is planned at first to manufcature 33,000 tons of fertilizer per year, though the output will be adjusted to the demands of the market.

The establishment of an alcohol distillery, a Yangtze Valley hydro-electric plant, and an automobile factory are also under consideration by the Ministry of Industry. As the chemical and electric industries are rapidly growing in importance in China, the organization of the distillery and the hydro-electric schemes is an essential measure. The rapid completion of new highways in China and the increased importation of automobiles—in 1930 over Tls. 6,000,000 worth of cars were imported—having inspired the plan for opening an automobile factory, which is to be established with the cooperation of the Ford Company in the United States.

Survey of coal-fields in Shensi and iron deposits in Szechuen have been made by experts sent out by the Central Government. Plans for the exploitation of these resources have been drafted, and it is expected that materialization of these schemes will be soon seen.

In spite of the serious unrest during the year just ended, the Central Government has been persistently endeavoring to develop basic industries. Organization of the enterprises mentioned above is only the preliminary to opening up our domestic industrial field, and it is hoped the plans will be fully realized at the earliest date possible.

Plans for Building-Up Basic Industries

Cotton-weaving in China has established its center in Shanghai. The damage done to this industry by the Sino-Japanese hostilities in Shanghai was comparatively small, although 16 out of 54 cotton-weaving factories, and one out of the 28 spinning mills were destroyed. In Wuchang and Hankow cotton mills have almost all resumed operation and their products enjoy a good sale. An idea of the general conditions of the cotton mills in China in 1932 may be obtained from the following informations gathered by the Chinese Cotton Mill-owners' Association.

There are in China 128 cotton mills, of which only 84 are Chinese. More than half the total number of mills are in Kiangsu Province, with 28 in Shanghai alone, and 21 in other parts of the province. Nine mills are in Honan Province, seven in Hupeh Province, and the remaining 19 scattered about in other provinces. With the exception of three mills which are owned by a British company, all the others under foreign ownership are Japanese concerns. Although the number of Chinese mills is larger than the foreign total, their capital is only about half that of the foreign concerns. Details are shown in the following table:

	FOREIGN MILLS		CHINESE MILLS		TOTAL
	All Nationalities	*Japanese*	*Total in China*	*Shanghai*	
Number of Mills	44	41	84	28	128
Capital	$300,000,000		$150,000,000	$50,000,000	$450,000,000
Spindles	1,927,858	1,757,248	2,589,040	1,066,920	4,516,898
Thread Spindles	246,140	246,140	141,750	90,280	387,890
Cotton Weaving Looms	21,977	19,306	20,599	7,864	42,596
Workers	87,440	74,440	173,687	65,146	261,127
Cotton Consumed (Piculs)	3,740,905	3,410,905	5,411,987	2,191,550	9,152,892
Output of Yarn (Piculs)	855,979	805,977	1,427,919	600,440	2,283,898
Output of Cloth (Piculs)	11,990,970	10,190,970	8,242,740	3,936,740	20,233,710

Japanese interests in the cotton industry in China are much larger than those of any other foreign country. Of the 44 foreign mills, only the three Ewo Mills are owned by a British concern, Jardine Matheson & Co., the remain 41 being all Japanese enterprises. The total amount invested in cotton mills in China is estimated at $450,000,000, of which two-thirds is Japanese, and the annual output of Japanese mills is nearly one-half of China's total production. During the last few months, the Japanese have been dumping cotton goods in the Yangtze Valley, while large extensions were planned to Japanese mills in Tsingtao. In view of these facts, it is necessary that we should have a large scale organization in order to be able to compete with the Japanese, and it is hoped the scheme for establishing a cotton mill planned by the Ministry of Industry will be realized at an early date.

Despite the scanty rainfall in the spring and damage by hailstorms in the summer, China's cotton crop was, on the whole, considerably better than during the previous year. According to the second report of the Chinese Cotton Statistics Association, the area of cotton-fields in 1932 was 37,079,835 *mow*, while the total crop was estimated at 8,094,763 piculs, being about ¾ million more

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than that of 1931. In the cotton districts of North China, except at a few places which suffered from drought, crops were generally satisfactory. One *mow* planted with American seed yielded considerably more than 100 catties, while the native variety yielded only slightly less. Last year's cotton crop in North China aggregated 1,770,000 piculs, of which 250,000 piculs were produced in Shansi, 955,000 in the Hsi Ho Valley (西河流域), and 390,000 piculs in the Tung Ho Valley (東河流域). In the Yangtze Valley, owing to the favorable weather during the year, the yield from approximately 1,100,000 *mow* was estimated at over 700,000 piculs. According to a recent investigation, Hunan had 1,057,000 *mow* of land under cotton cultivation in 1932, with a crop estimated at 325,520 piculs, showing an increase of seven times as compared with that of 1931. The yield in Hupeh likewise showed considerable improvement over that of previous years. In Kiangsu and Chekiang the cotton produced in Tungchow (通州), Taitsang (太倉), Ningpo and Shanghai amounted to 2,402,000 piculs, almost doubling the record of the previous year. As for the fine and rough-fibre varieties of cotton, Hunan and Hupeh produced 2,324,000 piculs, Hopei 1,042,000 piculs, Shantung 1,175,000 piculs, and Shensi, Honan, and Shansi, 902,000 piculs. With the exception of Hopei, an increase was shown in the yield of every cotton producing district.

The total Chinese consumption of cotton last year amounted to 2,210,000 bales, representing a decrease of seven per cent as compared with the previous year. Importations from the United States and India, however, diminished very considerably on account of the good crop at home. The number of bales (500 pounds) of Chinese and foreign cotton consumed during 1931 and 1932 was as follows:

	1932	1931
Chinese	1,600,000	939,000
American	300,000	884,000
Indian	300,000	421,000
Egyptian	10,000	2,252,200
Total	2,210,000	2,252,200

Raw Silk on the Decline

Raw silk had been for decades one of the most important items of export, and held second place in China's foreign trade. The average annual export exceeded 100 million taels until recent years, when Japanese silk and rayon became strong competitors. In addition to the world depression which materially reduced consuming capacity in foreign markets, bad years at home considerably curtailed production. People were alarmed at the small amount of silk exported in 1931, Tls. 85,000,000, the lowest figure for ten years, but the year just closed was very much worse. The value of raw silk exported up to the end of October was only Tls. 27,153,312, from which it is safe to assume that the final figures for the year will be considerably less than half the total for 1931. The following figures tell their own story:

	Piculs	Haikuan Taels
1922	143,478	137,217,499
1923	138,423	138,919,195
1924	131,273	108,059,268
1925	168,018	140,357,880
1926	168,563	144,443,732
1927	160,002	128,705,732
1928	180,186	145,443,481
1929	189,980	147,681,338
1930	151,429	109,181,124
1931	136,186	84,680,482
1932 (to Oct.)	64,499	27,153,312

Kiangsu and Chekiang, especially Shanghai, Wusih and Hangchow, are the chief silk producing centres, with annual exports formerly totalling more than 50,000 bales, worth Tls. 60,000,000. Signs of decline, however, were noted last year, when production was reduced to about 35,000 bales. Conditions became worse with the opening of 1932, the figures recorded during the first quarter and from June to July being respectively around 3,500 and 4,692 bales, representing a further decrease compared with the corresponding period last year.

(To be continued)

The Chinese in the Dutch East Indies

To the Editor, *The China Weekly Review*:—

There are 800,000 Chinese in Java, of which number about 350,000 reside in Batavia, Bantam and Preanger residencies. The sugar industry, which constitutes the principal revenue of the country, is largely in the hands of Chinese, while most of the sugar factories are operated by them. The Chinese practically control all the small stores both in the towns and villages, and also the markets, as they do all the vegetable gardening. Foreign-owned rubber and other plantations employ Chinese laborers because of their ability and steadiness.

As a community, the Chinese pay most of the taxes without any representation in the Government councils. It is thus readily seen that the Chinese are the industrial backbone of Java and in the Dutch East Indies generally and they must be regarded as an indispensable economic factor in the developement and advancement of this rich and fertile Dutch colony.

The Chinese are, generally speaking, doing well and are prosperous, and in many cases extremely wealthy in the Dutch East Indies, but one of their grievances is unquestionably the discriminatory treatment they receive from the Dutch authorities. It is not within the scope of this letter to discuss minutely the various aspects of this discrimination, but it is pertinent to point out such as occur daily and are of such nature as to evoke ill feelings on the part of the Chinese against those in power.

Every Chinese emigrant upon landing at Dutch ports has to pay Fl. 150, or M.$230. Chinese who fail to pay the said poll tax are arrested in public places by search officers and promptly marched off to the immigration detention shed to await deportation to China. Perhaps some friends may come to their rescue by paying the poll tax for them before the sailing day, in which case the "offender" may return to his occupation.

Every one in the Dutch East Indies is required to pay an income tax of 8% per annum. On paper, the Chinese are treated on an equal basis, but in practice, there is a big difference from the theory—namely 15 per cent extra. For example, a government officer comes to a Chinese merchant to ascertain his annual income; he is told that it is Fl.5,000. But on general principles he refuses to accept the statement of a *Chinese* and he, therefore, settles the question in quite a simple manner. He arbitrarily fixes the amount of income by *doubling* or *trebling* it, and his decision (action) is final, for there does not seem to be any way of appealing against this haphazard, if (it is) not injust decision. But Chinese merchants who understand the psychology of these officers and their little weaknesses, will tell you that more often than not a little greasing of the palm will reduce the amount to the one they originally proposed as their income. But here comes the rub; the following year the same officer will as a matter of habit raise the amount of income of the harassed merchant, who again must repeat the process of palm greasing, and so the farce goes on from year to year.

For the privilege of trading in the colony, the Dutch impose a business license fee, which is determined by the officials in such a manner that the Chinese pay more for their license fees than the Dutch engaged in similar business. This inequity of treatment seems to be received complacently by foreigners other than Chinese; it may be that they realize how futile it is to kick against the inevitable. But it is otherwise with the Chinese, for they have very strong reasons to kick against what they rightly consider unjust and unfair discrimination against them.

All Chinese merchants, doing a large or small business, are forced to pay double the amount of business license fee which the Dutch would in the same circumstances have to pay to the Government. Even a firm registered as a Dutch company and managed by a foreigner has to pay twice the amount of its ordinary business license, for the reason that its principal shareholders happen to be Chinese. This glaring instance of discrimination has been the subject of repeated protests to the Dutch authorities, but to no avail.

The Chinese are in fact treated as a subject race. The Dutch in practice regard all Chinese in the Colony on the same footing as the Javanese, a fact which is clearly indicated in their policy of discrimination against Chinese and also in subjecting them to the jurisdiction of the courts specially reserved for Javanese.

Hongkong, Dec. 25, 1932. OEY KANG LIU.

China's Case Presented Abroad by Able Protagonists

As mentioned on several occasions previously in these columns China's case is being well presented abroad by various voluntary workers. Among whom are Colonel M. T. Tchou, former director of the Labor Department of the National Government, and Dr. Yuen-li Liang, former Judge of the Provisional Court in Shanghai.

Colone Tchouis at present in New York City and in a recent broadcast speech on the Lytton report he said:

"Japan is asking the world to wait patiently to see the results of her exploits, while her armed forces are daily putting scores and hundred of innocent men, women and children to death. At the same time, she is stifling the trade of other countries. She says she is maintaining the "open door" in Manchuria, but the trade of the United States has been reduced to less than one-quarter of its former volume. The Japanese are so crowding this 'open door,' that there is no room for other people to come in and out. This is what is going to happen all over the Pacific and the Far East, if the Japanese are allowed to continue as they have done during the last fourteen months. This will deal such a blow to the industry and trade of other nations, that their economic recovery will be hopelessly retarded. Of all the nations that have cherished the cause of international peace and justice, America can be justly proud that she has taken the leadership. The Covenant of the League of Nations was proposed by an American president, the Nine-Power Treaty, which guarantees China's territorial and administrative integrity and which maintains the "open door" in China, was sponsored by the United States. The Kellogg-Briand Anti-War Pact was also sponsored by this country. So long as this country and the other signatories insist on these treaties being respected and hold themselves responsible as a matter of national honor to have them enforced, Japan will be powerless in her present efforts to disturb world peace; but apparently the Japanese militarists do not believe that the world is sincere in its peace efforts so they think they can persuade other nations by strengthening their military forces. During the last few days, the Japanese militarists have adopted a budget calling for enormous increases in expenditures during the coming year for their army and navy. They have practically doubled the estimates for the previous year. And that is the way they proposed to back up their protestation for the promotion of world peace."

Dr. Liang in a recent treatise sent out from Geneva reviewed the legal issues involved self-defence and the boycott. He said it was a disheartening spectacle that there was comparative silence among international lawyers in regard to problems raised by the Far Eastern situation—problems which really touch the very marrow of fundamental principles of international law. On previous occasions, British publicists were wont to give their juristic opinion on current questions of international law. The writings of John Westlake are full of enlightening and considered views on contemporary events of his time, and the letters of Thomas Erskine Holland to the London *Times* on War and Neutrality have remained classic to this day. Mr. Liang cited as voices in the wilderness those of Sir John Fisher Williams who last March discussed at considerable length the non-recognition doctrine in the *Manchester Guardian* and more recently H. Lauterpacht, whose letter to the same paper, published on November 29, throws a flood of light on the question of self-defence. Mr. Liang in his treatise elucidated a few of the more baffling problems of international law in the Far Eastern situation.

As regards the boycott, Mr. Liang urged that from the standpoint of international law, the Chinese boycott as a measure of reprisal against Japanese aggression in Manchuria was a lawful and reasonable action, while the Japanese invasion of Chinese territory was no mere reprisal and entirely contrary to the general principles of international law as well as to the specific obligations assumed by Japan under the Covenant of the League of Nations regarding the pacific settlement of international disputes.

Camel Caravan Looted on Kansu Border

A caravan of 22 camels laden with "gold sands," fox furs, wool and medicinal products and bound from Sinkiang for Suiyuan, was held up recently by a party of Mongolian and Mohammedan bandits on the Sinkiang-Kansu border and was thoroughly looted, according to a recent Chinese telegram from Kueihua. The camel driver and eight merchants were killed.

Koo versus Matsuoka

(*Manchester Guardian, Nov. 23*)

When a defending counsel makes a speech in court he is not often such a new-born innocent as the Japanese delegate appeared to be before the Council of the League. We were prepared that Japan should try to shelve the Lytton Report, but her best enemies could hardly hope that she should do so in a manner so ingenuous. "We have violated neither the Covenant of the League, nor the Nine-Power Treaty, nor the Pact of Paris. We want war with no nation. We want no more territory. We are not aggressors. We desire deeply and earnestly the welfare of our great neighbor." Thus Mr. Matsuoka in defence of his immaculate employer. Well, that is reassuring. The fact remains that the Commission of the League has sent in its report and that the Japanese attempts to shake its findings are completely unconvincing. Japan cannot expect her hearers to believe her when she continues to assert, in face of overwhelming evidence, that she has acted solely in her own defence and that the "State of Manchukuo" was born of a "spontaneous popular movement." The delays and differences within the League and with the United States have made it possible for Japan to do what she has done. Now that the League has an agreed report before it, it must adopt it as a basis of discussion, whatever Japanese objections may be raised. Japan may try to shake the facts which an impartial Commission has established, but by proposing and accepting the inquiry she has admitted the jurisdiction of the League. Those who insist upon the danger of a Japanese withdrawal from Geneva should bear this point in mind. Japan is face to face with grave financial dangers. She has persisted so far, thanks to world divisions. She could not still persist in face of a united world.

Equitable Life Must Pay Gold Roubles, N. Y. Supreme Court Decides

Time (American weekly magazine published in New York City) in its issue of December 5 relates that in 1905 Equitable Life Assurance Society of Manhattan sold a 10,000-ruble, 20-year endowment policy to Nisson Goldberg Rudkowsky, wealthy St. Peterburg macaroni-maker. Two years ago white Russian Rudkowsky, now in Manhattan, brought suit to claim the paid-in value of his policy. For in 1920, after the Soviet seized the assets of insurance companies, Equitable took the attitude that it was no longer responsible for claims on Russian policies. The New York Supreme Court Judge Alfred Frankenthaler has ruled that Equitable must pay the policy's paid-in value of 6,500 rubles at the 1925 rate of exchange. This amounts to G$3,300 against the pre-Revolution valuation of 77 cts. per ruble, or G$5,000. On another policy which Mr. Rudkowsky bought in 1920 no claim was allowed, for it matured in 1925 and specified that claims must be filed within six years of maturity. Insurancemen considered the decision important for upon it may turn $7,000,000 worth of claims held by other Russian against Equitable.

⁂

Although the New York Supreme Court has ruled as above indicated, it is not to be supposed that the Equitable Life Ins. Co. will let this matter rest without an appeal to the U.S. Supreme Court, as the obvious unfairness of the decision is evident. The New York decision is absolutely different from similar decisions on this point rendered in various arts of the world, Shanghai included. During the days when American life insurance companies were doing a considerable business in this part of the world, many policies were written in roubles, by the New York Life Company in particular, for Russians living in Port Arthur or in Shanghai. As regards these policies the same point arose at maturity, as mentioned in the above Equitable case, but the insurance compainies took the attitude that they were entitled to pay out in the same kind of money that they had received, namely Czarist paper roubles, and they settled the claims by handing out to the matured policyholders such Czarist notes—which were then worth little or nothing, all depending on the date of payment. The New York decision is equivalent to saying that in fact the Equitable had assured in American money, which as a matter of it they had not. *Time* is wrong in stating that the ruble was worth seventy-seven cents gold in pre-Revolution days. A case against one of the local insurance companies was brought by a matured policyholder several years ago, and the local courts decided that the insurance company was entitled to pay out in the same currency that they had received.

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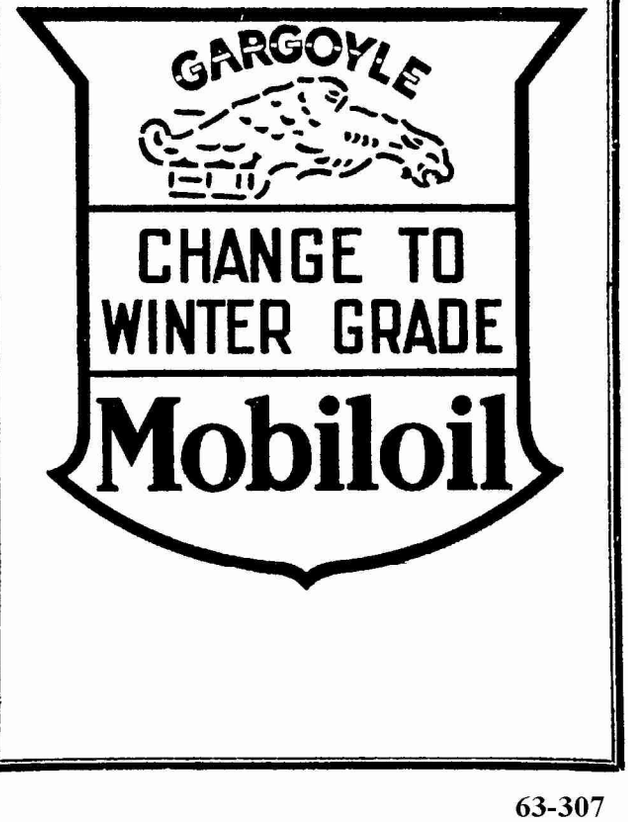

The Poverty of Shensi

BY HENRY S. T. LIU

SHENSI is one of the most poverty-stricken provinces in China Proper. The poor and sad life of the farmer can hardly be explained in words. Shensi, every five years has a small drought and every ten years a great one. Since the great droughts in 1928, 1929, 1930 Shensi has practically become a human hell. The main cause is the lack of water; the depth of the usual water-well is seventy or eighty feet; others have a depth of one, four or five hundred feet.

The principal suffering borne by the farmer is the burden of extortionate taxes and duties, When General Feng Yu-hsiang controlled Shensi in 1920, he had already levied the land tax to the period of 1934. Since the abolition of likin in 1930, numerous forms of duties have been inaugurated instead of it. The burden of the new duties is heavier than likin. Up to date, in addition to the special production and consumption tax and business tax collected under the order of the Central government, duties which are exacted by the local governments are countless. Here let us show some of the princial ones: (1) land tax, (2) poll tax, (3) bandit-suppression dues, (4) military dues, (5) commissary dues, (6) ming-tuan (militia) dues, (7) land registration fee (if one refuses to register his land it will be confiscated), (8) opium-land duty (the number of lands for the plantation of opium is decided by the provincial government; $10 are collected from a mou, when the harvest of opium cann't meet the duty the shortage has to be paid by those farmers who have not yet planted opium), (9) shares of the Provincial Bank (shares of the Shensi Provincial Bank are collected forcibly from the people every month, but no stock is given to them), (10) provincial treasury note (issued and apportioned to the people every month), (11) green shoot dues, (12) village pacification fee, (13) rice duty, (14) trade tax, (15) special tax, (16) land deed examination fee, (17) stamp tax (this tax is also requirerd from the farmer when there is no shop).

Taxation in Many Guises

All the taxes and duties mentioned above are collected by the provincial government through the agency of district governments. Besides these there are still many different kinds of surtax which are levied by the district governments directly for the maintenance of their political life. Let us here take two districts for example, one is Hanchung and the other Liupan. Hanchung was formerly a very rich district in Shensi, yet the tremendous increase of the burden has already led the village to complete bankruptcy at the present time. In Hanchung, there are two harvest-seasons a year, from the best and fertile water soil, *i.e.*, grain in Autumn and wheat in Spring. One picul of wheat and three piculs of grain on an average can be harvested from a mou. One picul of grain costs $2 to $3 and one picul of wheat $2.50. The total income from a mou of land amounts to approximately $8 (including the harvest of beans, about $2.50 from a mou). As to the burdens, in addition to $3.50 of land tax for a mou, $12 are necessary to pay the other different kinds of duties (including surtaxes). In 1932, $935,104 was collected solely by the provincial government (including $283,500 of rehabilitation dues) and $141,330 directly by the district government in Hanchung. How can the farmer bear such heavy burdens?

Liupan is a very small and poor district in Shensi. There are only 4,664 mou of mountainous land with over 20,600 population in the district. It is easy to imagine how poor the life of the farmer is. In spite of this the duties have increased day by day. In 1921, when Wu Kuang-sin (a pro-Chihli clique warlord) governed Shensi, $26,000 were collected from Liupan. At the present, time, irrespective of the looting of banditry and the decrease of population the amount of duties apportioned to this district has increased to $54,102 in 1932. The products of a mou of land cost at most $3, but over $11 are necessary to meet the burdens. Among the exactions, $10,000 are for opium-land duty, and $15,000 the apportionment of the provincial treasury notes.

The collection of duties is very ridiculous. It may be called a "joint punishment method" as adapted to troops. The magistrate gives an order to the heads of the village and the latter in turn gives orders to the heads of smaller regions, and so on. Because the "joint punishment" is so severe, they dare not be idle. When the farmer has no money to pay them, he can only pawn clothes and sell houses, furniture, wife and children; at last he escapes to some other place. If he is arrested he will be tortured even to death. Sometimes the provincial government sends officers to press for taxes; the local governments must entertain them well; all the expenses for entertainment are paid by the farmers. Besides if there are the so-called "fees for pressing taxes," i.e., when the farmer is still not able to pay, the provincial government will again despatch officers to press him and the farmer must pay the expense of entertaining them again.

In spite of the severe prohibition on the escape of farmers, the number of refugees is greatly increasing. For instance, there were 80,000 families with 280,000 population in Paochi in 1926, but only 50,000 families with 210,000 population now. In Fenghsiang, there were 180,000 population in 1929, but 140,000 at present. There was a decrease of 5,000 farmers in Shihchuen during the first half year of 1932. The increase in the flights of farmers his naturally increased the amount of barren land. The so-called barren land means that the soil has been left barren by farmers. There is an average 16,000 mou of barren land out of every 90,000 mou of cultivated lands in Shensi.

Why Cheap Rice Becomes Expensive

Some say that the price of grain is so cheap in Shensi that one picul of white rice sells at $5 or even $3, so there can be no persous famine-stricken in this province. This is, in fact, misleading. Firstly, all duties must be paid in cash, and the farmers can't but sell their products at very low prices in order to meet such dues. Secondly, the inconvenience of communications, the disturbance of banditry and the exactions of various dues on the roads all hinder the export of agricultural products. This is why a picul of rice costs $20 at Sian (capital of Shensi) and only $3 in the southern districts of the same province.

We have seen the poor and sad condition of the villages in Shensi. How is it in the cities?

The bankruptcy of the village naturally has a great influence upon the commerce of the cities. The rampancy of bandits, the embarrassment of communications and the exaction of taxes also play a chief role in the depression of commerce in Shensi. For example, Ankang is one of the commercial centers in Southern Shensi. Since 1929 the decline of commerce is beyond imagination. Up to date the shops whose capital is above $1,000 are very few. In 1929, there were over 500 shop-members in the Chamber of Commerce at Ankang, but there are not more than 100 at present. At that time there were over 30 big firms which were solely engaged in the trade with Hankow, but only five remain now. According to the investigations of the Chamber of Commerce at Ankang, there are now 870 shops (big and small) existing in the city, out of which 700 shops have capital within $100 each, and sell incense and candles. Despite the great decaying of commerce the taxes are still numerous. The provincial government apportioned $300,000 business tax to the shops in the city of Ankang. There were over ten local silk weaving workshops at Ankang; the special tax collection staff ordered them to pay $28 each a month. How can they pay it?

We may further see the difficulty of the merchants in Shensi from the following correspondence (*Tien Ta Kung Pao* Oct. 15, 1932).

> "The special tax collection staff estimates the value of goods. When goods are transported through a certain special tax station after the full payment of tax, the examination fee should be paid too. The amount of this fee is decided by the station officers at will and no receipt is given to the tax-payer. Even when the village people bring some agricultural products through the stations, tax is collected from them too. These stations exist on every important road; every ten li of distance has one. One who refuses to pay the levies will find that his goods are never to be sold. I (the correspondent) met a farmer on the way. He brought 100 eggs to the city of Shihchuen for sale. When he went through the gate of the city, he was embarrassed by the tax station officers and then gave several eggs to them. After this he was again examined by the garrisons at the gate and the best eggs were taken away by them for eating. Though the farmer could only enter the city with a great loss, yet his eggs could not be sold. He again brought his eggs back home. When he went through the gate of city, the exactions of the garrisons and station officers again came into play. The farmer again gave them several eggs and they then let him go."

Under such conditions, not only the merchants cannot continue their trade but even peddlers dare not do so. A member of the Shensi provincial government said to one of the staff of the Lung-hai Railway Administration, "Please you don't talk about the facts of the sufferings of the people of Shensi; if that is done the Lung Hai Railway will not be constructed into Tungkwan." It is a fact. But how can we be prohibited to talk about the sufferings of the people?

Tientsin, Dec. 21, 1932.

Sun Fo's New Year Message Is Somewhat Pessimistic

In the course of a New Year Message to the nation, Sun Fo, President of the Legislative Yuan, pointed out that the present national emergency can be overcome only through the united efforts of the entire nation and that a united national front can be fully achieved only by the inauguration of Constituional Government. Mr. Sun admits that the Party, has failed to live up to the expectations of the people. This failure he attributes to the lack of unity in the Party.

In the course of the message Mr. Sun says: "Our Party has held the reins of Government for several years. Despite the high hopes which the nation has placed upon it and notwithstanding strenuous efforts of our Party comrades, it is to be admitted that its work has not only failed to give satisfaction to the people but is such as even we ourselves can not but feel ashamed of. The reason lies simply in the lack of sincere union among our Party comrades.

"A cursory review of the history of the past few years will show that practically all of the recurrent domestic complications which disrupted the country, have largely been the result of mutual suspicion and jealousy among the various Party leaders. Rivalries and the scramble for power have made political crises and civil strife a matter of common occurrence. Realization of the Party principles and reconstruction schemes have thus been rendered impossible, with the result that the sufferings of the people have been considerably aggravated. Domestic and foreign calamities have consequently followed in rapid succession, the Manchurian crisis being but one of the most pernicious effects of this state of affairs. Firm and sincere unity is thus the only remedy for the present situation.

Mere unity will of course prove of no avail. There must be some means by which this spirit of unity may find positive expression and whereby the resources of the country may be consolidated and organized for the benefit of the nation.

Owing largely to the recurrent political crises, the efficiency of the Party Government during the past few years has been considerably reduced with the result that the people have begun to lose confidence in the Party. This has rendered it impossible for the Government to concentrate the resources and power of the entire nation at such a critical juncture as this. That is why I have unhesitatingly advocated the acceleration of the Constitutional Period as a remedy for the situation.

Foreign Publications Need Not Register for the Present

The question of registering foreign publications was discussed at Nanking Dec. 30 by the Central Executive Commitee, which approved the decisions reached at the recent conference of the Central Political Council.

At the meeting of the C. P. C. several days ago it was stated that, since the promulgation and enforcement of the Chinese press laws, all Chinese publication had duly registered but that foreign publications had objected to this course. Their reason was that the procedure was most inconvenient and that, as they enjoyed extraterritorial privileges, they were unwilling to accept the disciplinary clauses of the Chinese press laws.

In view of the difficulties outlined, the meeting of the Central Political Council proposed that, in connection with foreign publications in China, the enforcement of clauses concerning registration and disciplinary action should be temporarily postponed, .

The Proposal was adopted and the Government issued instructions to the Ministry of Home Affairs and the Ministry of Communications duly to notify their respective offices to said effect.

Dignity in Relation to Newspaper Reporting

The Publicity Department of the Central Kuomintang in Nanking is reported to have decided that in future Chinese newspapers in reporting political events shall not publish the names of the heads of state or those charged with ministerial responsibilities in full. It is sufficient, the Publicity Department holds, for the papers to give the surname of the person concerned or his title. This would mean that henceforward if a Chines newspaper wants to publish something about Lin Sen, the Chairman of the National Government, or T. V. Soong, only Mr. Lin's surname or his title need be published. It is asserted that the publication of the full name of a high government official in the public press is not compatible with the dignity of his official position.

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Sino-Russian Rapprochement Threatens Japan with Sovietization

(From the Review's Tokyo Correspondent)

THE *Jiji Shimpo*, one of the principal Tokyo papers, declares that the recent resumption of Sino-Soviet diplomatic relations may be an incident graver than that of Manchuria. Not only the *Jiji* but the whole of Japan seems to take the event seriously to heart although her traditional camouflaging tact may screen our perspective. The translator regrets his inability to introduce here even a single review outside the newsdom because there is no weekly journal dealing with diplomacy in Japan.

Too Rapid and Too Simple to Be a Reality

Tokyo Nichi Nichi, Dec. 15 (Editorial): It is a model example of a diplomatic function worthy of the "speed age" that the knotty diplomatic negotiations between Soviet Russia and China pending for three years have come to a happy conclusion and that at Geneva far from the seats of the governments of both countries. We understand that China has been sticking to her insistence of the importance of solving the issues of the C. E. R. and the commercial treaty prior to taking up the question of the resumption of relations and that she has got the habit of demanding a guarantee that effective suppression be invoked against the communist propaganda. According people were quite taken aback at her alacrity in pouncing upon the diplomatic recovery ahead of all other far important questions.

Now that Manchuria has severed connection with China there is no need of her adhering to the protocol signed at Havarovsk now consigned to the wastepaper-basket. This obvious fact shows that the recent diplomatic resumption required no special efforts from either of the contracting parties.

Considering the inconsistent diplomacy which is a characteristic of both China and Russia, we may presume they are not without some schedule to carry out, taking advantage of their joining hands. However, as far as the League is concerned the European countries are too well informed of the situation and the evil effect of Sovietization to alter its attitude in favor of China. Nor it is possible for Soviet Russia to restrain us, for Japan, as it were, is too fast clinging to a dashing train to divert attention to any performance on the way. This is especially the case with her attitude towards Manchurian question. In some quarters there are those who attach much importance to the new development, but no serious consideration can predict that due to resumption of relations Russia, who so earnestly been seeking for the conclusion of non-aggression pact with Japan only until yesterday, has begun to feel no need of it today upon shaking hands with China. As for China the time will come when she finds herself involved in how to check the tidal waves of aggravated communist trouble in central and southern China.

We Ought to Have Been Wider-Awake

Tokyo Asahi, Dec. 14 (Editorial): The abrupt resumption of the Sino-Soviet diplomatic relations must have been the fruit borne of impatient endeavor to the end on the part of China. The recent activities of the Chinese authorities by forbidding the publication of news about the affair must have been responsible for speeding up the co-operation. At the time when Foreign Commissar Litvinov went to Geneva with the object of signing the protocol a rumor was afloat in our country that his new movement was for the resumption of the Soviet-Japan non-aggression negotiations with Mr. Matsuoka, Japan's Chief delegate to Geneva. What a cynical coincidence! If the Chinese diplomacy aimed at outwitting the Japanese, we have to confess we were beaten.

China has often attempted to get a chance of bettering her relations with Soviet Russia but without success due to latter's strong protest against her conditions on communist propaganda and other proposals. It is presumed that the co-operation realized this time was due to China's willingness to withdraw her old insistance. Although it may be still premature to weigh the possible influence of the restored relations on the Far Eastern situation, yet in view of the ever growing communist influence in China we may safely assert that the new development of the Sino-Soviet relations will serve to let in the Soviet influence right from the front door of the Chinese Republic resulting in adding fuel to the aggrandizement of the communist movement. In view of the fact that the present disorderly conditions in China will provide an ideal hotbed for the healthful growth of communist propaganda, it is not unimaginable that the China's original objective to bring about estrangement in Soviet-Japanese relations may result in spurring up the advent of a crisis of her own ruin.

We have sufficient reason to believe that the Sino-Soviet rapprochement was nourished and developed by unfavorable Soviet-Japanese diplomatic relations of late. It has been Japan's invariable attitude to mercilessly reject Soviet's overtures for the conclusion of a non-aggression pact every time it was made. A little more tact in our political and diplomatic activities could have persuaded Soviet Russia to recognize Manchukuo ahead of other Powers. A firm co-operation among Japan, Manchukuo and Russia would constitute a powerful front against the League of Nations, and it is in this sense that their joining hands is indispensible. The lightning speed with which Soviet Russia came to shake hands with China may be construed as the reactionary culmination of Japan's obstinate attitude against oft repeated Soviet proposal of non-aggression pact. We are afraid it may be at least probable that owing to reserved attitude on the part of Soviet in consideration of her newly established relation with China, the relationship between Soviet and Manchukuo will grow complicated. None can doubt but it is Japan's lifeless diplomacy obstinately keeping her back turned against Soviet, that finally led to the Su Ping-wen incident and the Sino-Soviet raprochement in question—all detrimental to our country.

Will Cause More Clouds over the Far Eastern Sky

Osaka Asahi, Dec. 15 (Editorial): We are not yet informed of the contents of the Sino-Soviet agreement in question, but are confident that for the lightning speed in which it was concluded, the possible unconditional recognition on the part of China with a view to turning the stagnant tide of the League to her advantage, must have been responsible.

Both the Chinese and Soviet press generally welcome the event, yet we on our part cannot but be apprehensive of the possible introduction of more complexity into the already tangled situation in the Far East, which may develop a chance to an unprecedented crisis. This uneasiness on our part is based on the presumption that Soviet's influence may make a phenomenal dash all over China viewed from the traditional weakness of the Chinese national character, prevailing internal conditions, recent diplomatic situation and the new Soviet's China policy born of these facts of China. The weakness in Chinese people referred to above points to their traditional policy of using foreign influence in restraining her enemy although we admit the superiority of the quality of Han race as cultural people. Through this usual practice China gets into a greater mess, and we are afraid how far she may go astray losing sight of the general trend of the world current.

The gravest question that comes next is how to exterminate the prevailing influence of communism from the Continent. It is on the condition of successful eradication of this evil that we welcome the renewed tie of friendship.

Now, as for Soviet Russia, her original scheme to create a buffer state of Hulumbair has proven a dream, while in the meantime the foundation of Manchukuo has been stabilized to a considerable extent; she is now placed in a position to study how best she can find a way to a seaport in the Far East. In our view Russia may be obliged to relinquish her old scheme and make a right about turn towards Mongolia, Peiping or Tientsin.

The time will be sure to come for China to awake to the advantage of turning to us for friendship, but alas, all chances may have gone by that time. While we deeply regret the hurried resumption of relations on the part of China in disregard of this point, we are not without a sense of a certain expectation.

The Development of Chinese Communist Forces Is Most Feared

Tokyo Asahi, Dec. 14: Although we are not in a position to criticize the restoration of diplomatic relations between Soviet and China, we may judge that by seeking for the friendship of Soviet Russia China wanted to cope with the recent indication of the rapidly increasing friendship between Soviet and Japan, while on the part of Soviet the fact must be taken into account that she is desirous of cultivating friendly relations with as many countries as possible and that she means by the new steps to expedite the slow progress of her non-aggression negotiations with us. What our special attention is drawn to is the 300,000 communists now spreading their influence with Chianghsi and Anhui as their foothold. The situation will afford a unique opportunity for Sovietization of China, which will eventually dye red the whole of south China with the Yangtsze River as its center.

Mr. Matsuoka's View on the Affair

Tokyo Nichi Nichi, Nov. 16. In answer to the question of how he viewed the resumption of Sino-Soviet relations, given by Mr. Eido of the *Osaka Mainichi's* Geneva correspondent, Mr. Matsuoka replied to the following effect: Soviet Russia places no small importance in the heavy industry including that of ammunition in her Five Year Plan. The unconditional recovery of their diplomatic relations will afford better chances for communist activities in China. Japan does not like to see China Sovietized and would demand Russia to stop pulling strings. This action on our part does not mean resorting to war but adopting a peaceful diplomatic negotiation. The world ought to understand that Japan's uneasiness on this point constitutes one of the reason for her giving assistance to Manchukuo. The Outer Mongolia has already been Sovietized, Tibetan forces are advancing into western China, yet the League taking no notice of these glaring facts raises objection to our measures adopted to prevent the Orient from communist poison. This attitude of the League is beyond our comprehension.

No Change Shall Come in Our Standing
(Pao Kuan-teng, Manchukuo Representative)

Tokyo Nichi Nichi, Nov. 16: Pao Kuan-teng, Manchukuo's representative to Tokyo, comments on the issue as follows: Though no formal recognition has yet been extended to Manchukuo by Soviet, yet the actual state of things, as in the cases of co-operative management of the C. E. R. and the exchange of consuls, clearly endorses her being recognized in reality. No change shall be made in our standing as a consequence of the rapprochement, I am quite confident. If the new state should be marred in any way by the new development of the situation, we shall at once take appropriate measures against the injustice.

Non-Aggression Project Withdrawn; Manchukuo Recognition Dropped
(Foreign Office Views)

Osaka Mainichi, Dec. 14: The Foreign Office calls attention to the necessity of Japan's making a definite determination in view of the far reaching Sovietizing effect of the resumption of diplomatic relations between China and Russia on the Orient. They envisage the following situation:

1. The sudden co-operation of Soviet Russia with China, renouncing her past neutral stand as regards the Sino-Japanese dispute, indicates the abandonment of her friendly attitude toward Japan. It is evidence of Soviet's inclination toward non-recognition of Manchukuo.
2. The Sino-Soviet rapprochement, which was realized unconditionally, is tantamount to Chinese submission to the Sovietization of China. It is a great menace to the preservation of peace in the Far East. Although Japan is not disconcerted by the menace, yet she is called upon to prepare herself against aggression through radical propaganda.
3. One year has elapsed since Soviet Russia proposed a non-aggression pact with Japan, to which Japan has been giving most careful consideration. Soviet Russia, however, through its co-operation with China, has clarified its intention not to recognize Manchukuo. In so doing Soviet Russia virtually withdrew the Soviet-Japanese non-aggression pact project. All the negotiations with reference to the pact have naturally come to an impasse.

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The Made-in-Japan Christmas in the United States

(By the Review's Correspondent in New York)

CHRISTMAS in the United Statees that is virtually a Made-in-Japan Christmas. It was so last year, and it will be again this year. Last year more than 80,000,000 Japanese-made electric bulbs were sold in the United States. This year, for the Yuletide trade alone, some 54,000,000 midget Christmas tree bulbs have been imported.

Just as firecrackers are the festive conspirators of New Year in China, so is the Christmas tree the spirit of Yuletide in the United States. To millions of homes, Christmas is not a Christmas without a Christmas tree. And every Christmas tree must be dressed and garlanded and lighted. Time was when candles sufficed for illumination, but fire hazards today decree that electric bulbs be used.

To the daughter whose artistic taste is acknowledged by the family, falls the delightful duty of dressing the Christmas tree. Downtown she goes, and spends an hour or two in one of those five-and-ten stores that have become famous as headquarters for decorative knick-knacks for holidays, birthdays and Christmas. Rich and poor patronize the five-and-ten on such occasions. For the Christmas tree, a whole counter is devoted to items that go into its creation. A section is devoted to colored bulbs—what variety, what artistry, what color!

It does not matter to the daughter, who is attracted mainly by the price, color and shape, whether they were made in Japan or not, but to a member of the Women's Peace Society, or the Consumers' Research Bureau, Inc., they do. The Women Peace Society member, indignant at Japan's violation of peace treaties, employs the private boycott as her means of protest, and is on the alert for the "Made in" labels of all her purchases.

The members of the Consumers' Research Bureau has been authoritatively advised that Made-in-Japan bulbs, although selling for half as much as American bulbs, cost her more to burn than if she burned American-made bulbs, and, proud in this knowledge which she pays for as a member of the Bureau, she pays twenty cents for a Mazda lamp in preference to a Made-in-Japan lamp which costs her only ten cents.

That the Japanese made lamp costs more in the long run than American makes is based on a scientific study made recently by the University of Pittsburgh's Department of Electrical Engineering which showed that it cost $1.10 more to operate a 50-watt Japanese lamp during its life of 1,000 hours than to operate a similar American-made lamp. In other words, the power consumption of the Japanese lamp, the study reveals, is 1.63 watts per candle power, while that of the American-made lamp is but 1.13 watts per candle power.

Prof. H. E. Dyche, head of the Department under whose supervision the tests were made, said that "if the American people were able to obtain Japanese lamps free of charge, it would cost them more per 50-watt lamp than it would to use an American-made lamp for which the purchase price is 20 cents."

Japan's gift for festive decoration, in which she is a past master as any visitor to Japan well knows, has been hired in American homes for many years. Long before the depression, American daughters have been captured by the artistry and economy of Japanese-made Christmas tree material. In 1928, imports of these midget bulbs from the Flowery Kingdom were twenty-seven per cent of the domestic consumption.

Japanese Bulbs on the Christmas Trees

This Christmas, with the Japanese yen hitting a new low, approximately 54,000,000 Japanese made Christmas tree lamps have been imported and are now sold on the American market. As a result of the popularity of the Made-in-Japan Christmas, the General Electric Company which sells approximately 34,000,000 of the lamps in the United States, has closed its Cleveland small lamp factory, consolidated its Newark factory with a "large" lamp factory, and last month, it suspended operations in its "small" lamp factory in Buffalo.

As the Christmas season opens, the General Electric Company whose head is prominently advocated as Mr. Roosevelt's next Secretary of State, has started a national advertising press campaign, urging the American public to be on the lookout for inferior "bargain" lamps that turn out to be only gay deceivers. No mention of Japan is made in the advertisements, but the fact is emphasized that these "bargain" lamps, without the familiar "GE" label, waste current and die young.

One of these Christmas advertisements in the *New York Times* Sunday Rotogravure section is headed "Let Lamps Be GAY....Not Gay Deceivers." It advocates the necessity of consumers becoming label-conscious. It reads: "Light up with Edison Mazda Lamp. Everyone bears the familiar "GE." Look for the trustworthy mark —and LOOK OUT for inferior bargain lamps that are apt to waste current, die too young and turn out to be only gay deceivers!"

A new habit of sleuthing for Japanese goods is being born among Chinese residents in the United States. Eternal vigilance is necessary, for Made-in-Japan goods lurk in the most economical and popular counters in the United States. When a Chinese visits his countrymen, he looks around for any new article in his home or on his person. On spying one, he gleefully challenges his friend that it was made in Japan. They examine the article, and lo and behold! there is the Made-in-Japan label underneath.

He exclaims. "I saw these rubber shoes in Gimbel's basement, and thought they were a good buy at fifty cents. They cost $1.50 upstairs, and I thought they were basement bargains, not having the slightest idea that they were another exhibit of Japanese dumping in the United States."

The sleuthing habit against Japanese goods is gradually extending among Americans. Not long ago, the Consumers' Research Bureau had an advertisement in the *New York Nation*, asking, "Why are electric bulbs in the five and ten not a good buy?" The Bureau specializes on advising consumers on merchandise values, and was organized by Stuart Chase, the popular American economist who wrote "The Tragedy of Waste" and "Your Money's Worth," which dealt with such problems.

Washington lobbyists are already asking Congress for relief from Japanese dumping. In response to the rubber companies, the Senate Finance Committee has staged an exhibit of foreign-made articles in order to show the competition American labor faces in cheap foreign labor. From comparative costs issued by the Commissioner of Customs, one learns that Japanese rubber goods are landed and sold in the United States at considerable less than it costs the American manufacturer to deliver.

Here are a few instances: Japanese rubber toys sell at 84 cents a dozen and the same American article sells at $2.28 a dozen. Japanese rubber animals sell for $3.64 a gross, and the same American article sells for $14.12 a gross. Japan sells a beach ball for ten cents, which it cost an American manufacturer 41 cents to duplicate.

The world "dumping" is like a red rag to the American workingman. A few years ago, it was raised against Soviet Russia. It has not yet been raised against Japan, but the economic crisis is fast driving American industry to the wall, and hushed echoes may be heard. If it ever rises to a wail, which is doubtful, it will give a tremendous fillip to the American boycott movement against Japan, which was so effectively silenced last year soon after its lusty birth.

New York, December 20, 1932.

Sleepy Geneva

The following is an extract from "The Londoner's Diary" in the London Evening Standard of Nov. 22:—

I am not astonished to read that Sir John Simon and M. Paul Boncour were noticed to be "half asleep" during Wellington Koo's outline of the case for China at Geneva yesterday. . . Moreover, Chinese questions have a habit of inducing slumber at Geneva. I remember Sir Austen Chamberlain once rising to his feet to make an indignant protest against the accusations just made by a Chinese delegate in regard to the opium traffic. At the height of Sir Austin's eloquence the Assembly was startled by a loud noise from the honorable delegate of China. The honorable delegate had fallen asleep, and his head had struck the desk in front of him with embarrassing violence.

China Aviation National Salvation Association Inaugurated

The China Aviation National Salvation Asscoiation was formally inaugurated on New Year's Day in an impressive ceremony held in the Shanghai office of the Ministry of Foreign Affairs. Mayor Wu Teh-chen presided. The 13 directors who were sworn into office on New Year's day were: Dr. C. T. Wang, Mr. Wang Hsiao-lai, Sze Liang-tsai, Wang Tse-yuan, Tu Yueh-sen. Ling Kang-hou, Lin Yo-chiang, Cheng Kwang-fu, Hu Ching-tsang, Chang Hui-chang. Liu Pei-chuen, Yu. Ya-ching, and Tai Kwei-sen. Those who were absent at the inauguration ceremony were: General Chu Ching-lan, Li Foo-sen, Hu Weng-hu, General Oong Chao-yuan, Dr. Chang Po-ling, Chang Chia-ngau, Huang Ping-hun, and Yuan Hsi-ling.

In his address, Mayor Wu Teh-chen, who represented the National Government for the occasion, expressed great expectations from the new-born association which he hoped would be able to assist the national government in realizing its air defence scheme.

Native Goods Movement Parade on New Year's Day

A motor-car parade through the main thoroughfares of Shanghai, in which over 100 cars participated, was the main feature of the Native Goods Movement launched on New Year's Day, under the auspices of three public bodies interested in the development of native production. The demonstration was launched at the China Vocational School outside the South Gate at 1 p.m. when Mayor Wu presided over the opening ceremonies.

The motor-car parade travelled along a route through the Native City, the French Concession, and the International Settlement, ending at the North Station.

Canton-Hankow Railway to be Completed in Four Years

Four years have been set as the goal for completion of the 700-mile-long Canton-Hankow Railway, the Ministry of Railway announced in Nanking Dec. 30. This will be occupied in bridging the gap between Chiuchow, in Kuangtung Province, and Chuchow, in Hunan. The Ministry also announced that discussion has been reopened for constructing the projected Nanking-Hunan Railway, cutting across the middle south from the national capital to Changsha. Surveying has now begun, impetus to the fresh start having been given by a loan of £1,500,000 with the British Boxer Indemnity Fund as security. Much of the road will have to be blasted.

1932 Was a Bad Year for Many Chinese Banks in Shanghai

The Chinese newspapers state that with the exception of the Bank of China, the Shanghai Commercial Bank, Chekiang Industrial Bank and Ningpo Commercial Bank, which have made profits during the year, Chinese banks in Shanghai have not done very well owing to the general business depression after the Sino-Japanese war.

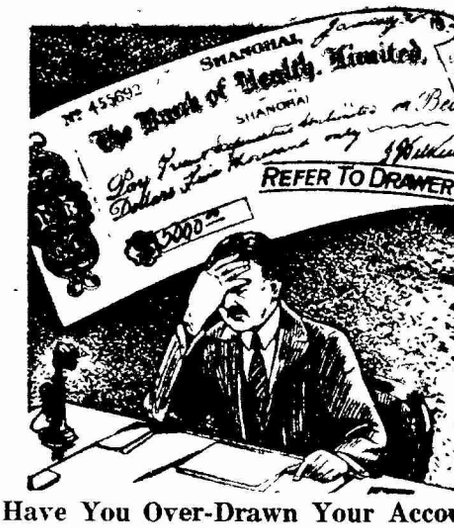
Banking business was at a complete standstill during the first half of the year while during the second half banks could find no outlet for their surplus funds owing to the economic depression.

Ministry of Industry Will Develop Paper and Porcelain Industries

Investigations aiming at the development of the paper and porcelain industries are now being made by experts selected by the Ministry of Industry. Besides instructing the various Provincial authorities to report on the bamboo or wood pulp industry in their respective areas, the Ministry has despatched experts to Wenchow (Chekiang) and the neighboring districts to ascertain the lumber production and the practicability of utilizing hydro-electric power, which is necessary for the operation of large-scale paper mills. Another expert has been sent to Kingtehchen, the center of the Chinese porcelain industry, in Kiangsi, to study conditions there.

Manchurian Chemical Company to Manufacture Ammonium Sulphate

Official permission was granted in Tokyo, December 16, to organize a concern to be called the Manchuria Chemical Industries Company, which will be capitalized at 25,000,000 yen. The new company will have its headquarters in Dairen and the controlling share in it will be taken by the South Manchuria Railway. The directors plan to manufacture 180,000 tons of ammonium sulphate a year, mostly used as fertilizer.



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Put your nervous energy account on the credit side without delay by taking a course of

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This old and proved tonic remedy rapidly enriches and increases the blood. When these new supplies of the vital fluid are flowing in your veins the nerves will be strengthened, your reserves of energy will commence to accumulate in superabundance. You will be pleasureably surprised what a difference Dr. Williams' Pink Pills can make, and in a very short time too. Dr. Williams' Pink Pills are the common-sense tonic, a favourite with businessmen everywhere.

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Give them an honest trial. You will not be disappointed. All chemists can supply you—but INSIST on 'Dr. Williams.' Nothing else can be relied upon with such confidence to so rapidly

Restore your Depleted Reserves of Nervous Energy.

CUSTOMS NOTIFICATION NO. 1267

The public is hereby notified that in accordance with Government instructions the use of the signal of three short and one long blasts of the whistle adopted by Customs vessels in order to attract the attention of steamers or junks at sea will be discontinued forthwith, and that in its place the signal of one short, one long, and two short blasts of the whistle which, in the International Code of Signals, conveys the message "Stop, heave to, I have something important to communicate", will be used by all Customs vessels requiring steamers or junks to heave to for any purpose.

H. O. Tong,
Superintendent of Customs.
L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 30th December, 1932.

Men and Events

The death occurred in Shanghai Dec. 31 of George Brush, an American citizen and manager of the Hotel Plaza.

The air route from Moscow to Vladivostok, the longest in the world (approximately 10,000 kilometers) was opened on December 19.

The Ministry of Industry has organized a special patent examination committee to deal with the many applications for patents which have been received.

Japan is sending two lawn tennis players to Manila to participate in the National Tennis Championship Tournament, which opens there in the latter part of January.

A recent Tokyo despatch stated that the National Economic Research Institute is planning to invite President Herbert Hoover to Japan when he retires from office next March.

The Chartered Bank of India, Australia & China on Jan. 1 announced the resignation of the chairman, Sir Montagu Cornish Turner, after a period of thirty years service. He is succeeded by A. A. Willis.

Provisional regulations restricting the establishment of private radio broadcasting stations, submitted by the Ministry of Communications, were adopted at a meeting of the Executive Yuan, at Nanking, Dec. 28.

Henry Ford and Mrs. Ford led 200 of their New Year's eve guests in dancing the Schottische at Dearborn, Mich., thus showing that Mr. Ford had completely recovered from his recent operation for strangulated hernia.

The Eurasia airplane No. 5, which undertook the first regular fight to Sinkiang on the Northwestern Airway, arrived at Peiping at noon Dec. 29, on its return from Tihua, making the last hop from Loyang to Peiping.

The Central Political Council decided on Dec. 28 to make Sian, China's western capital, a special municipality under the direct control of the Executive Yuan. A monthly appropriation of $30,000 is to be granted for the development of Sian.

Ling Nan-yuan, alleged to be secretary of the Shanghai branch of the Chinese communist party, was arrested by the Bureau of Public Safety on Scott Road, Chapei, on the night of Dec. 30. A large quantity of literature was seized in his house.

According to an announcement of the Ministry of Industry, all corporations are required to be registered with the Ministry by June 30, 1933. Failure to registered within this period will render the company concerned liable to a heavy fine.

An order was issued by the Executive Yuan at Nanking Dec. 30. for the strict prohibition of opium in the provinces. The detailed measures for opium prohibition drawn up by General Chiang Kai-shek were also promulgated for enforcement.

Dr. Chang Po-lin, president of Nankai University at Tientsin, was roughly handled by a student mob Dec. 2. The outbreak followed receipt of instructions from the Ministry of Education in the University administration to expel more than 50 "reactionary" students.

A "Prohibition" bill was presented in the Japanese House of Representative Dec. 27 by five members of the Seiyukai, five of the Miniseito, three of the Kokumin Domei and three others. The proposed bill prohibits the use of alcoholic beverages by those under the age of 25.

The island of Sakhalin, which in Czarist days was a place of exile for criminals, has been converted by the Soviet Government into an important industrial region. The population of the Soviet part of the island now numbers 80,000, having greatly increased in recent years.

Among the Japanese Foreign Office appointments announced in Tokyo Dec. 8, were the following:—Third Secretary of Embassy Takase to the Japanese embassy in Changchun; First Secretary Manabu Arino to the Shanghai Consulate General; Consul Yasushi Shirai to Changchun; Vice-Consul Ko Matsuura to the Hailung Consular Office.

Chang Chun-kwan, Chairman of the National Salvation Federation, on the morning of Dec. 28 suddenly disappeared while on his way to his office. The Chinese newspapers state that Mr. Chang had received two letters of warning from the newly organized "Sino-Japanese alliance" in which Mr. Chang was warned to stop all his anti-Japanese activities and threatening to take drastic actions against him if the warning was ignored.

According to a statement made by Chu Cheng, President of the Judicial Yuan in Nanking, January 1, Sun Fo was due to depart from Shanghai for Nanking January 4 in order to assume the post of President of the Legislative Yuan and to attend the meeting of the Central Political Council.

Announcement was made end of last week of the engagement T. C. Chao, chief secretary of the Shanghai Office of the Foreign Ministry, to Miss Grace Chen, a senior student of the University of Shanghai. Mr. Chao is a graduate of Michigan University. Miss Chen is a sister of Mr. and Mrs. P. T. Chen.

T. V. Soong, Minister of Finance and Acting President of the Executive Yuan, on Dec 28 cabled President Wang Ching-wei, who is convalescing at the Tropical Diseases Institute of Hamburg, urging him to return to office as his term of leave has expired and as many pressing matters demand his early attention.

Recent incidents in which foreign residents were assaulted by Chinese in the strects of Nanking induced the Bureau of Public Safety in that city to issue an order warning these Chinese against such action. The order adds that offenders are liable to criminal prosecution and punishment according to law.

Dr. Chu Ho-siang, a director of the international affairs department of the Foreign Office at Nanking, arrived in Singapore Dec. 16 on a tour of investigation concerning the large number of overseas Chinese who had been repatriated to China from various countries in the South Seas, mostly on account of unemployment.

Miss Katherine Hewitt Earle of Brimingham, Alabama, has arrived in Shanghai from Peiping on a trip around the world. While in Peiping, Miss Earle was the guest of Mrs. Margaret Proctor Smith of Louisville, Ky., who is now living in the former capitol. Miss Earle is staying at the Cathay hotel while in Shanghai.

Reports having been received that agents of a tin mining firm in the Dutch East Indies are actively recruiting Chinese laborers in Hongkong, the Central Oyerseas Affairs Committee has asked the Chinese Chamber of Commerce in Hongkong to institute investigations in order to safeguard the interests of laborers against unfair treatment and, perhaps, fraudulent activities.

Dr. Peitro Orlandini of Venice, who uses the "blood-graft" method of rejuvenation as opposed to the monkey gland process. has opened offices in the Hamilton House, Kiangse Road, Shanghai. He spent several years in Africa experimenting on animals and negroes. Dr. Orlandini in addition to his medical practice is also a lecturer at the Comparative Law School on legal jurisprudence.

Dr. David Z. T. Yui in a recent circular letter from the office of the National Committee of the Y. M. C. A. of China relates how as the result of a recent trip to the United States funds had been collected for the Volunteers in Manchuria. San Francisco Chinese responded liberally. In addition to the funds already remitted to Shanghai, a total of something like $110,000 Chinese currency, including $20,000 Chinese currency from Sacramento and G.$5,000 from Seattle, was received.

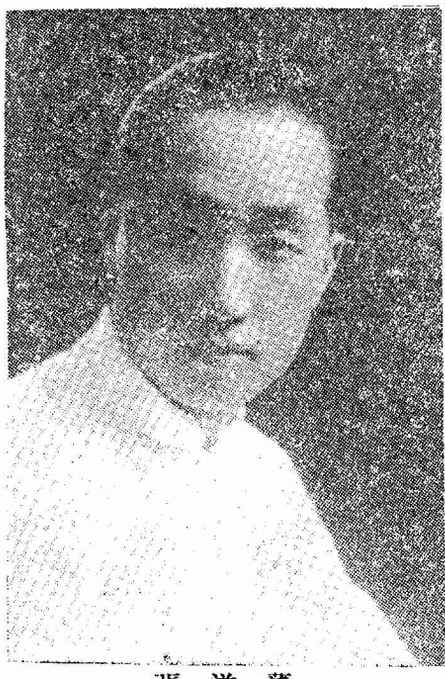
The eightieth birthday of Mrs. Wang, mother of Dr. C. T. Wang, former Minister of Foreign Affairs, occurred on Jan. 10. Friends of Dr. Wang and his two brothers, Chen-fu Wang and Chen-chu Wang had planned to hold a celebration for the occasion, but Mrs. Wang in view of the National situation, advised that the celebration be cancelled and that all the money and gifts intended for her should be devoted to educational purposes, chiefly for the support of the school founded by Dr. Wang at Fenghua, Chekiang province.

Chinese Not to Make Apology for Ekvall Murder

The Nanking Foreign Office Dec. 30 officially denied a report circulated from Nanking to the effect that the Executive Yuan had instructed the Foreign Office to make an apology to the United States Minister, Nelson T. Johnson, for the murder of the Ekvall party in Shensi last summer. The party consisted of Mr. Ekvall (American), Mr. Tornvall (a Swede) and a Japanese and Chinese. The perpetrators have since been caught and excuted.

Who's Who in China

Chang Tao-fan, vice-Minister of Communications; born at Pan-hsien district, Kweichow, on July 11, 1897; was graduated from the Department of Fine Arts (Slade School), University College, University of London; while in England, he served as head of the Assembly of the London Branch of the Kuomintang, 1923; after return to China in 1926, he was appointed secretary of the Department of Agriculture and Labor, Kwangtung Provincial Government; in the same year, was commissioned by the Central Kuomintang Headquarters to Kweichow to direct party affairs; appointed a secretary in the Organization Department of the Central Kuomintang Headquarters in 1928 and in September of the same year, became chief secretary of the Municipal Government of Nanking; elected by Nanking District Party Headquarters as representative to 3rd National Party Congress of Kuomintang at Nanking1929,at which he was elected by the Congress as a reserve member of the Central Executive Committee of the Kuomintang; in Dec. 1929, was appointed member of the committee for the re-organization of the party affairs of Kiangsu and member of the standing committee of the Kiangsu Provincial Party Headquarters and concurrently director of publicity department; dean of the Tsingtao National University, 1930; member of Chekiang Provincial Government and concurrently Commissioner of Education, 1931; shortly after, was transferred to Nanking as vice-director of the Organization Department of the Central Party Headquarters and during the period when the National Government was removed to Loying during the Shanghai Hostilities, served as special resident officer of the Headquarters at Nanking; now, reserve member of the Central Executive Committee, member of the reorganization department of the Central Party Headquarters and since Dec. 1932, vice-Minister of Communications; author of several works on fine arts and paintings; address: Ministry of Communications, Nanking.



張 道 藩
Tao-fan Chang

張道藩，貴州盤縣人，生於一八九七年七月十一日，英國倫敦大學藝術科畢業，民國十二年任中國國民黨倫敦支部評議部長，十五年八月任廣東省政府農工廳祕書，十二月奉中國國民黨中央派充貴州省黨務指導員，十六年復奉派爲貴州省清黨委員，十七年三月任中國國民黨中央組織部祕書，同年九月任南京特別市政府祕書長，十八年選當爲南京特別市出席中國國民黨第三次全國代表大會代表，經大會選舉爲中央候補執行委員，同年十二月奉派爲江蘇黨務整理委員，兼任常務委員及宣傳部長，十九年秋任國立青島大學教務長，二十年任浙江省政府委員兼教育廳長，同年任中央組織部副部長，中央遷洛期間任中央黨部南京留守專員，及中央組織委員會委員，現任中國國民黨中央候補執行委員及中央組織委員會委員，二十一年十二月任國民政府交通部次長，著作有近代歐洲繪畫(十八年七月商務印書館出版)及油畫若干幅。

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New Books of Interest in the Far East

Gore, Murder, Etc.

Vampires of the China Coast, by "Bok;" Herbert Jenkins, Ltd., London.

Those who like horrors hot from the grill will doubtless by greatly palpitated by this lurid tale although it is not in any way distinguished from the conventional run of "Fu Manchu" fiction that has long been written to satiate the hunger for sensation of the lower mental orders in America and England.

The narrative begins with the arrival of Chan in Canton as a deportee from England for trafficking in drugs. Heartless villian that he is, he promptly joins in a Red pillage of Canton,—which episode is presumably the Shameen version of the Communist uprising on December 11, 1927—and there meets the charming, cruel Red Moon Shadow while she is engaged in ordering the wholesale shooting of all suspected non-Reds. The uprising failing, Chan and Moon Shadow escape to Bias Bay with lots of loot from the Red pillage and there Chan begins a brief but spectacular career as a pirate. Eventually he is killed but not before he implants an heir and assign in Moon Shadow.

After Chan's death, until her son, Ching, the Vampire, grows up, Moon Shadow leads the pirate band from a lair not far from Hongkong. They wear bat wings and paint phosphorescent skeletons on their cloaks, thereby striking terror in a big way in the hearts of honest sailors who traverse those seas. Finally, however, the lair is invaded and the pirates routed, escaping to a town on the mainland. In danger of begin caught Ching and Moon Shadow plot with both Reds and bandits to sack the town and in the ensuing melee they escape to Shanghai and the book ends with them leaving for somewhere on "the S.S. President Madison" incognito.

Who "Bok" is, the book does not reveal, but a foreword assures us he lives in China and "the terrific episodes" recorded "actually, and recently, happened in China." Further the book is illustrated with apparently genuine photographs of pirated ships, public beheadings, and the "death by a thousand cuts." Certainly, the pirate incidents are based on real piratical exploits of recent years, but many are incredibly exaggerated,' The tales "Bok" tells of the Chinese Reds likewise have some slight basis in fact, but as a whole they are viciously distorted, although not more so than stuff that is frequently printed in the Shanghai press.

Chan, Moon Shadow, and Ching, however, are as unreal as Fu Manchu even to the lower mental stratas of "old China hands," and if "Bok" is really a resident of China, as alleged, his effort can only be set down either as cheap catering for depreciated sterling to the tastes of the readers of the *News of the World*, or to excessive indulgence in Hongkew whiskey. W. B.

Notes on Crime and Punishment

20,000 Years In Sing Sing, by Lewes E. Lawes, warden of Sing Sing Prison; published by Ray Long and Richard R. Smith, Inc., New York City.

Warden Lawes, of New York State's famous Sing Sing Prison, is easily the most outstanding and intelligent prison warden in the United States. Most prison wardens are recruited from the ranks of political henchmen and know nothing about crime or much of anything else; there are a few exceptions but none save Warden Lawes has ever achieved any genuinely deserved reputation as a practical penologist.

Warden Lawes, of course, is not a profound scientist, but in this and previous writings he displays an intelligent and humanitarian grasp of crime and punishment, and while what he has to say is more in the nature of notes on penology rather than a finished thesis, his book is nevertheless both interesting and highly illuminating. Its title comes from the fact that Sing Sing contains 2,500 men saddled with an aggregate of 20,000 years of sentences, some for life and some for only one or two years. He gives much detail of prison life, many and often shrewd comments on individual prisoners, and many superb observations on the ancient question of the relation between crime and punishment.

Perhaps the most interesting chapter of his book is entitled "Who's Afraid of the Chair"? In his 12 years of wardenship Mr. Lawes has escorted 150 men and women to the electric chair for execution. "In ages," he says, "they ranged form 17 to 63. They came from all kinds of homes and environments. In one respect they were all alike. All were poor and most of them were friendless. To what end or purpose were these victims sent to their premature deaths? Ordinarily the answer would be simple, They killed, therefore they had to die. A logical point of view, indeed, if it were applied equally to all who committed unjustifiable homicide." Then he points out that on an average 10,000 men and women commit murders and manslaughters each year in the United States, but probably less than 100 are executed.

Thus the excuse for capital punishment ceases to have any logic. But suppose all who were caught and convicted of murder were executed? Would it lessen the unmber of murders? Many claim it would, and cite the high execution rate in England (in proportion to convictions) with the low murder rate of that country as compared to America. In reality the argument is highly specious. It would be just as logical—in fact, considerably more logical—to say that England's low crime rate is because few Britsh policemen are armed and the third degree, relative to the U.S., is virtually unknown to them. Also there are far fewer police frame-ups in England than America. In other words, the law is enforced in a more lawful manner in England than America, and, hence there is less inspiration to lawlessness on the part of the public.

Warden Lawes does not oppose capital punishment on any sentimental grounds, but he points out its utter futility and the invariable hysteria and morbid spectacle that characterize the procedure, neither of which could be said to have a salutary social influence. Some condemned persons, in fact, enjoy the attention they attract. Few, according to Warden Lawes, display any fear in the face of death. Further, it is highly illogical to suppose that execution is or ever can be any major deterrent to most killing. Generally speaking, only gang slayings are deliberate, cold-blooded and rational. And gangsters who kill are rarely caught. Most murders are committed under stress of emotions that override reason and make the murderer incapable of counting the cost.

As a matter of fact, from any rational social viewpoint murder is usually the least important of crimes. Only murder that is designed to undermine or overthrow the state is a major social menace. A banker who loses the savings deposits of the poor by speculation (as hundreds of American bankers have done in recent years) and thus forces thousands into the depths of poverty and even starvation, or a factory owner who ignores health safeguards, or a profiteer in the necessary commodities of life, are far greater menaces to society than an emotionally unbalanced youth who kills his sweetheart in a moment of madness. Yet bankers, factory owners, and profiteers of the type described either go entirely unpunished or escape with exceedingly light sentences while the mad youth faces the electric chair.

Only Soviet Russia and to a certain extent Fascist Italy, have attempted to define crimes on a sound sociological basis. In neither is ordinary murder punished with death; only when murder is directed against the state itself is it regarded as a capital offense. In the Soviet Union the run of crimes that rate from a few years up to life imprisonment and even death in U.S. cannot be punished by more than ten years in prison. But 'squeeze," hoarding of food, sabotage of industry, and other offenses against society as a whole are ruthlessly punished by execution. Whether or not one agrees with the Soviet conception of the State, it cannot be reasonably denied that the penological principle developed by the Bolsheviks is infinitely superior to American practice where a banker who robs thousands of their all is usually not punished as severely as a highwayman who steals a payroll from an affluent company.

And in New York state, where Mr. Lawes' wards received their sentences, political "squeeze" from the entire public is notoriously extensive as recent investigation of the New York City have revealed, but no one gets punished, while an unfortunate convicted for the fourth time of robbery, however small, is given a life sentence under the Baumes law!

Warden Lawes, unlike the "holier than thou" persons who write and speak of crime, finds his prisoners definitely human beings and frequently better than many on the outside of Sing Sing. There are very few that he regards as hopeless,—and the hopeless ones he finds more properly subjects for psychopathy rather than punishment. Warden Lawes believes prisons should be places for reform instead of punishment, and he tells with pardonable pride of many

Sing Sing "graduates" who have succeeded in law-abiding enterprises after their release.

Mr. Lawes' policy as a warden is to provide as normal an atmosphere as possible for Sing Sing's residents and encourage play and study to promote contentment in prison (Sing Sing under Mr. Lawes has never had a major riot) and provide a basis for a new start in life for those who will eventually be released. The methods he employs are doubtless as successful as could be hoped for under existing social conditions. Today, however, it requires no imagination to appreciate the plight of a person released from Sing Sing who wants lawful employment and may be well prepared for some specific line of work, ...unless he is considerably more lucky than millions who have never been to prison he has no choice but to starve or return to crime.

Thus, at the very time Warden Lawes' book appears, is glaringly revealed a far more important aspect of crime than that of punishment,—the economic aspect.

Shanghai, Dec. 20, 1932, W.B.

The New Central Mint to Start Coinage March 1

T. V. Soong, Minister of Finance, in an interview Dec. 30 stated that it was intended that the Central Mint at Shanghai will be opened by March 1 1933, for the coinage into dollars of silver tendered by the public, at the rate of conversion of 71½ tael cents for one dollar. Mr. Soong said the Mint will be authorised to cast silver bars of a fineness of 999 having a fine silver content equivalent to that of 1,000 new silver dollars, such bars to be cast by the Mint on request at a charge equal to the cost of minting new silver dollars plus a refining charge depending on the type of silver tendered. *Kuo Min* says that if Mr. Soong's plans are carried out it seems unlikely that the dollar rate will go much above the present quotation in terms of Shanghai taels.

Attempted Communal Settlement in India Fails

The protracted attempts to achieve unity between Hindus, Moslems and Sikhs to negotiate an agreement in substitution of the British Government's Communal decision given last August appear to have finally failed according to a recent telegram from Calcutta. The attempt has already been repudiated by many influential Moslems, including the delegates to the recent Round Table Conference in London, but Shaukat Ali, the chief Muslim representative, particitated in the discussions unti he departed recently on a lecture tour in the United Statesl. His lieuentant has now definitely broken off negotiations, clairning that no useful purpose can be served by prolonging an outward show of unity.

Saddle Mountain Selected as Site of Government Steel Works

Saddle Mountain, in S. E. Anhwei, has been definitely chosen as the site for the establishment of the Government Iron and Steel Works, Chen Kung-po, Minister of Industry, announced Dec. 28. This decision is believed to have been hastened by the disapproval of the Pukow site expressed by General Chiang Kai-shek during his recent stay at Nanking. He has thus upheld the opinion of the military authorities that Pukow is unsuitable owing to strategic reasons. Owing to numerous details in connection with the project, however, Minister Chen intimated that formal signature of the loan agreement with the German syndicate well be deferred.

Dr. Chu Chin-hua Gives Views on Postal Controversy

Commenting on the controversy over the status of the Chinese Postal Savings and Remittance Bank, which has been going on for sone time Dr. Chu Chia-hua, minister of communications, recently declared that he "does not believe it is in the interests of the public or the postal service to have two entirely independent organs." *Reuter* says there has recently been a good deal of speculation as to what the minister of communications will make of the Postal Savings and Remittance Bank which became to all intents and purposes an independent organ of the Post Office some two years ago.

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Sept. 11, „	Vol. 38 No. 2
Sept. 25, „	Vol. 38 No. 4
Oct. 9, „	Vol. 38 No. 6
Oct. 30, „	Vol. 38 No. 9
Dec. 4, „	Vol. 39 No. 1
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Feb. 27, 1932	Vol. 59 No. 13
March 5, 1932	Vol. 60 No. 1

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Tachenko Cafe Hits Back at China Finance Co.

Litigation of an unusual character has been started in connection with the cafe and amusement enterprise known as Tachenko, which has been a prominent center for night life on Avenue Joffre, the main artery of Russian life in Shanghai. On the application of the China Finance Co., following proceedings in the District Court, a closing order was obtained against the Tachenko Cafe, with the result that it was closed for the New Year celebrations, and it is rumored that a large number of tickets had been sold for which the holders have not been able to secure return of their money, owing to the incidence of the litigation. A sequel to the affair has been that a suit has been started by the Tachenko people against the China Finance Co. in the U. S. Court for China, based on the allegation that the closing order was secured under such circumstances as to entitle the Tachenko concern to claim damages from the China Finance Co. This affair, having come close on the China Merchants' incident, in which the China Finance Company's sister concern, the China Realty Co. figured so largely, has caused considerable comment, regardless of how the litigation may eventually result.

German Sentenced for Fraud

Alexander Nolte, a German civil engineer and proprietor of the Building and Investment Company, was sentenced to five months' imprisonment by the First District Court Dec. 31 on being found guilty of defrauding Captain Thomas Wilkinson, master of s.s. *Tuckwo*, of $4,000. His attorney Dr. Wilhelm, has filed notice of appeal.

Unified Accounting System Postponed Until July

The system of unified accounting, originally scheduled to begin on January 1, 1933, will not be enforced until July 1, according to a circular order of the National Government addressed to all Government organs. It is understood that this decision was reached in order that more time may be given to preparations for such an extensive change.

New Year's Honors for Britons in Far East

Among the New Year's honors announced in London on New Year's day were the following of special interest to the Far East:—W. E. L. Shenton, the well-known Hongkong solictor and an unofficial member of the Hongkong Legislative Council, was knighted. Eric Teichmann, Chinese Secretary to the British Legation at Peking, was made a Knight Commander of St. Michael and St. George. (K. C. M. G.)

General Chiang Kai-shek Confers with T. V. Soong in Shanghai

General Chiang Kai-shek visited Shanghai during the week accompanied by Madame Chiang. The visit was incidental to a visit to his native village, Fenghua in Chekiang province. While here he consulted T. V. Soong and other prominent Nantionalist officials, particularly in regard to the situation in North China. General Chiang has in the meantime returned to Nanking having left Shanghai early in the week for Hangchow, where he made a brief inspection of the aviation school.

Chinese "Trotsky" Faction Leaders Being Prosecuted

Formal prosecution proceedings have been instituted in the Kiangsu High Court against Chen Tu-hsiu, leader of the Trotsky faction of the Chinese Communist Party, and his nine accomplices, namely, Peng Shu-chih (*alias* Chang Tzu-nan), Wang Wu (*alias* Sung Peng-chun), Po I-fan, Wang Tzu-ping, Ho Ya-fang, Wang Chao-chun, Kuo Ching-hao (*alias* Peng Tao-chih), Liang Yu-kwang and Wang Chien-fang. The accused are charged on two counts, namely, dissemination of seditious propaganda, and formation of organizations having for their object the endangering of the Republic.

The procurator states that their offences of the accused have not gone beyond the stage of propaganda and organization; and that they are not guilty of actual terroristic activities or acts of violence,

General Cohen Sees Bright Future for Manchester Trade in China

General Maurice Cohen, prominent in Chinese military affairs, particularly in the South, is on a visit to his parents in Manchester incidental to a trade mission including the principal cities in Europe. Entertained at a luncheon in Manchester recently by Nathan Laski, General Cohen declared that the opportunities for trade between Manchester and China are most favorable. Among the reasons he gave for this view were the really good relations now existing between Great Britain and China, the boycott against Japanese manufactures, and the fact that Britain is on a sterling basis and other nations on a gold basis. The fact that Japan was off gold made no difference, because of the effectiveness of the boycott, which General Cohen asserted was neither temporary nor local, but national and relatively permanent.

A somewhat less optimistic report on Manchester trade with China was contained in the *Manchester Guardian*, Nov. 26 where it was related that the demand from China continues feeble and that the outlook for the China market is far from healthy. Only scrappy lots of bleachers, plain cloths, and fancies had been taken. Auction news from Shanghai, it was stated, was rather more encouraging. At the most recent sale the quantities were about the same as the previous week and the tone was brighter. Prices improved for most classes of goods but the piling up of stocks remained a disturbing feature.

Satochu Irrigation Canal Handed Over to Chinese

Satochu Irrigation Canal was handed over by the China International Famine Relief Commission to the Suiyuan Provincial Government and, by the latter, to the Minshenchu Irrigation Association by a ceremony held at Kueihua on New Year's day. O. J. Todd, chief engineer of the China International Famine Relief Commission, represented the commission at the ceremony in his dual capacity as chief engineer and field manager for the canal project. Feng Hsi, Commissioner for Reconstruction of the Suiyuan Provincial Government, took over the new waterway on behalf of his province. The Minshenchu Irrigation Association will in future administer the canal. The main canal is over 40 miles long.

Evolution and Blood Circulation Old Topics in China

Dr. Amos Kuan Chin-penn of Johns Hopkins University and Pei Sung-tang of Harvard University, speaking before the American Association for the Advancement of Science at Atlanta, Georgia, Dec. 30, declared that the theory of evolution was known to the Chinese before the Christian era. They Chinese gave reviews of early essays on the subject. Circulation of the blood was discovered in China 2,000 years before the discovery was announced in the West by Sir William Harvey, lecturer at the College of Physicians and Surgeons in London, these Chinese doctors declared.

Negotiations Continue for the Loan of American Wheat to China

Despite opposition from some quarters the Ministry of Finance is still negotiating with American merchants for a loan of 450,000 tons of American wheat for prevention of flood and famine in this country, according to a recent Nanking dispatch. The wheat is valued at approximately $50,000,000. If the negotiations turn out successfully the first consignment of American wheat is to be shipped here early next summer, it is said.

Four Canton Dealers to Suffer Death Penalty for Dealing in Japanese Goods

Although the Sino-Japanese situation in Canton and vicinity is apparently quiet outwardly, boycott activities are being pushed and redoubled with great vigor, according to a recent *Reuter* message from that city. The National Salvation Association, at a meeting Dec. 24 decided to execute four Chinese dealers for smuggling goods. The four condemned dealers are to be paraded along the streets of Canton before being handed over to the authorities.

Chang Hsueh-liang Shows Signs of Fight

At a meeting of the Peiping Political Affairs Committee held in Peiping Dec. 27 under the chairmanship of General Chang Hsueh-liang, it was decided that to cope with the crisis arising from the impending Japanese invasion of Jehol more than 30 divisions in North China will be held in readiness. The detailed plans of defense are being kept secret, the telegram from Peiping stated.

Japanese reports from Peiping state that General Han Fu-chu, the Shantung war-lord, has pledged his support to Marshal Chang Hsueh-liang by contributing military funds out of the local revenues in Shantung. The Japanese say this pledge of support by General Han was made in exchange for the connivance by Marshal Chang for the former's retention of northern seaports in Shantung.

Chinese Military Leaders Hold Conference at Peiping

A meeting of the Military Training Committee was held at Peiping Dec. 31. Among those present was General Chang Hsueh-liang, General Han Fu-chu, Chairman of the Shantung Provincial Government, Generals Wan Fu-lin, Chiang Po-cheng and Jung Chen, members of the Standing Committee of the Peiping branch of the Military Affairs Commission; General Sung Che-yuan, Chairman of the Charhar Provincial Government; Generals Pang Ping-hsun and Sun Tien-ying, respectively Commanders of the 40th and 41st Armies; and General Wang Shu-chang, Gendarmerie Commander for the Peiping-Tientsin Area.

General Han Fu-chu returned to Tsinan immediately after the meeting. It is reported that an arrangement has been made between Generals Chang Hsueh-liang and Han Fu-chu that the 3rd Route Army under General Han should take over the garrisoning of Chefoo and Lungkow from the marines, who are to return to their original posts at Tsingtao.

Abandoning Philippines Will Mean Loss of U. S. Trade, Says N. Y. Financial Paper

The *Index*, published by the New York Trust Co., said editorially recently that the independence of the Philippines will probably result in diminished trade between the United States and the Far East.

The immediate loss will be felt when the free trade between the islands and the United States is abolished, the journal said. The loss of other trade in the Orient is expected to follow and the *Index* contends that this will follow the nation's gradual loss of contact with the Far East.

Without a definite political link with the Far East, the paper believes that American business men not actually engaged in Oriental commerce will lose interest.

D. B. Bogmoloff Appointed Soviet Ambassador to China

The Chinese Government has agreed to the appointment of D. B. Bogmoloff as Soviet Ambassador to China. Mr. Bogmoloff was Councillor at the Soviet Embassy in London, at the time of his appointment. He was born in 1890 and has been in the diplomatic service since 1920.

At one time he was Soviet Minister to Poland and he has also been First Secretary at the Soviet Embassy in Berlin.

It is understood that Dr. W. W. Yen, the new Chinese Ambassador to the Soviet Union, will proceed to Moscow immediately after the conclusion of the meeting of the Committee of Nineteen of the League of Nations which is to be resumed on January 16. After formal presentation of his credentials, however, Dr. Yen will return to Geneva to resume his duties as head of the Chinese Delegation.

Executive Yuan Tightens Hold on Military Airplanes

According to an order of the Executive Yuan, no military planes may be purchased by individual military units, local governmental organs, or any other bodies. This is designed to unify the control of military aviation matters under the Aviation Administration of the Ministry of War. Only commercial and training planes may be purchased by local organs, but these must be sanctioned by the proper authorities from whom *huchiao* (permits) may be obtained, the Executive Yuan states. Likewise, no aviation organ or air corps may be formed by any military unit without authorization.

Latest New York Stock Exchange Quotations

Market—Strong Business Done 1,090,000 Shares

Jan. 7, 1933

1932-3 High	1932-3 Low	Div.$ per Sh.	STOCKS	Mon. Jan. 3	Tues. Jan. 4
9¼	1⅝	—	Adams Express	4½	5⅛
88¼	42½	*6.00	Allied Chemical & Dye	81	85¾
15⅝	4	—	Allis Chalmers	6⅝	7⅛
78⅞	29⅝	*4.00	American Can	54½	57⅝
15	2	—	American & Foreign Power	6¼	7
38½	5	—	American & Foreign Power 7% Pfd.	9⅝	10
10	1⅛	—	American & Foreign Power Warr.	4¼	5
27¼	5½	—	American Smelting	12¼	13¼
137⅞	70¼	9.00	American Telephone & Telegraph	103	107⅞
89¾	44	*5.00	American Tobacco "B"	57	59⅞
34½	11	2.00	American Waterworks	16¼	18
19⅜	3	—	Anaconda Copper	7⅜	8¼
151⅝	28¾	*4.00	Auburn Automobiles	49	53½
21⅜	3¾	—	Baltimore & Ohio	8⅜	9⅜
29⅝	7¼	—	Bethlehem Steel	14⅛	16
43⅛	20	*2.00	Borden Company	23⅞	25
14¼	3⅜	—	Borg Warner	8⅜	9¼
20⅝	7¼	—	Canadian Pacific Railway	14¼	14⅜
66¾	16¾	—	Case, J. I.	40	44⅝
47⅞	19	2.00	Chase Bank	34¼	36
20¾	4⅞	2.00	Chesapeake Corp.	14⅞	15¾
21¾	5	1.00	Chrysler	16½	17⅛
21	4¼	1.00	Columbia Gas & Electric	15⅝	16⅞
5⅛	1⅝	—	Commonwealth & Southern	2½	Unq.
1	1/16	—	" Warr.	3/8	5-16
68¾	31½	4.00	Consolidated Gas of N. Y.	59⅛	60
9⅜	3⅝	—	Continental Oil	6	6⅛
55⅞	24¾	*3.00	Corn Products	53½	54¾
7⅝	1½	—	Coty Inc.	4	3¾
3¼	⅞	—	Curtiss Wright Company	2	2¼
18⅝	5	.75	Douglas Aircraft	10½	11½
57	23	4.00	Drug Incorporated	36	37
59¾	22	2.00	Du Pont de Nemours	36⅞	39⅜
87⅞	35¼	3.00	Eastman Kodak	54	57
48	5	6%S	Electric Bond & Share	18	20⅛
16	2¾	—	Electric Power & Light	6	6⅞
5⅞	1	—	Fox Film "A"	1⅞	2
26⅛	8½	.40	General Electric	14⅞	15½
40½	19⅝	2.00	General Foods	25⅝	26¾
24⅝	7⅝	1.00	General Motors	13⅛	14⅛
28⅝	6⅛	1.00	General Railway Signal	13½	14½
24¼	10⅜	1.00	Gillette Safety Razor	17⅞	19
20⅝	8¼	1.60	Gold Dust	15	15½
29¾	5½	—	Goodyear Tire & Rubber	14¼	15¾
18⅜	3⅝	—	International Cement	8	8½
1⅞	½	—	International Com. Engine.	Unq.	Unq.
34⅛	10⅞	1.20	International Harvester	20¾	22⅞
12⅛	3½	—	International Nickel	8¼	8½
15¾	2⅝	—	International Telephone & Telegraph	6⅝	7⅛
33⅜	10	—	Johns Manville	19⅝	21½
19¼	4⅞	—	Kennecott	9½	9½
9⅛	1/32	—	Kreuger & Toll	⅛	¼
67¼	32½	*4.00	Liggett & Myers, "B"	52⅝	54½
37¾	13¼	*3.00	Loew's: Inc.	19¾	Mutl.
18⅜	9	1.20	Lorillard P. Co. (Com.)	12⅛	12¾
11⅜	1½	—	Lu .lum Steel	Unq.	5¼
16½	3½	—	Montgomery Ward	13	13⅞
64½	23¾	2.00	National City Bank (bid price)	42¼	44¼
10¼	2½	—	Nevada Copper	5	Unq.
36⅝	8¾	—	New York Central	17	18⅞
43¼	13¾	10%	North American Company	28¾	30
37	16⅞	2.00	Pacific Gas & Electric	30¾	31
5¼	1½	—	Packard Motors	2½	2⅝
11½	1½	—	Paramount—Publix	2⅛	2½
23⅜	6½	—	Pennsylvania Railroad	18¾	15⅛
4⅜	1	—	Penn'road Corporation	1⅜	1⅛
8⅜	2	—	Phillips Petroleum	4⅞	5⅛
60	28	3.20	Public Service of N. Jersey	53	53½
12½	2½	—	Radio Corporation	5	5¾
7¾	1½	—	Radio-Keith Orpheum	3⅛	3½
40¼	26½	3.00	Reynolds Tobacco "B"	27½	29
37⅞	9⅞	—	Sears Roebuck	19⅛	20½
8¾	2½	—	Shell Union	5⅝	5⅛
13¾	2¾	—	Simmons Company	Unq.	6⅛
12¼	5¼	.40	Socony-Vacuum Corp.	7⅝	7⅞
23¾	15¾	2.00	Southern California Edison	26¾	27
34¼	7⅝	2.60	Standard Gas & Electric	13¼	14⅛
37⅜	19⅞	1.00	Standard Oil of N. Jersey	30	31
18¼	9¼	1.00	Texas Corporation	13⅜	13¾
26¾	12	2.00	Texas Gulf Sulphur	22½	23¼
7⅛	2⅛	—	Trans America	5⅝	6
36⅜	15½	1.20	Union Carbide & Carbon	25½	27
94½	27⅝	6.00	Union Pacific Railway	70¼	73¾
34⅜	6½	—	United Aircraft & Trans	25⅝	27½
14	3½	.40	United Corporation	9¼	9½
22	9¼	1.20	United Gas Improvement	19⅞	20½
10¼	1¼	—	U. S. Rubber	4½	4⅞
52⅝	21¼	—	U. S. Steel	27⅛	29⅞
23¾	5¼	—	Vanadium	Unq.	13¼
4½	½	—	Warner Bros. Pictures	2	2¼
43½	15⅝	—	Westinghouse E. & M.	27⅝	29¼
45⅝	22	2.40	Woolworth	35⅜	36¼
*Plus extras			Call Money	1%	1%

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U. S. Diplomats Spend Enforced Furloughs Touring China and Japan

(Recent Peiping dispatch in the "New York Times")

Not since the ports of the Orient were first opened to intercourse with foreigners have American diplomatic and consular representatives become so thoroughly familiar with the Far East in general as they have during the past few months. The extensive travel and valuable conferences they have ejoyed have been due to the exigencies of the depression. The economy program having forced Federal employees to take one month's furlough without salary, has caused American officials to cover this area in a manner which would not have been possible in more prosperous times.

Peiping has been a veritable Mecca for American officials. Low silver values have caused officials to travel to China from Japan, and the precipitate decline of the yen has made it possible for American officials in China to visit Japan and Manchukuo during their enforced furloughs.

Full advantage of the situation has been seized by Nelson Trusler Johnson, the American Minister to China and Joseph Clark Grew, United States Ambassador to Japan. They have conferred with numerous lesser State Department representatives who have spent enforced furloughs, in tours of territory outside their own districts.

Boycott Against Foreign Insurance Firms Urged

Chinese insurers in Shanghai are urged to withdraw their policies from foreign companies as punishment for their refusal to compensate for Chinese insured properties destroyed in Chapei during the Sino-Japanese hostilities last winter, according to a decision reached by more than 2,000 policy claiments who met in a general meeting in the Shanghai Chinese Chamber of Commerce January 2. Preparations were also made to repeat demonstrations before the offices of foreign insurance firms.

Does Your Mirror Make You Feel Depressed?

Other people seem to have all the luck and the good looks as well. But whatever your features are like do not forget that a clear skin and bright sparkling eyes add beauty to the plainest face. Take an occasional dose of Pinkettes, Liver and Laxative Perfection. Observe the skin blemishes disappear, note the clearness of your eyes, and also—more important—note how much happier you feel.

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The National City Bank of New York, Rates of Exchange

	Shanghai Dec. 28, 1932.
Demand selling rate on America:	U.S. $1.00=Sh. $5.1935
Demand buying rate on America:	U.S. $1.00=Sh. $5.0938
Demand selling rate on London:	£1.0.0=Sh. $17.354
Demand buying rate on London:	£1.0.0=Sh. $17.092

Japanese "Precautions" in Shanghai

Japanese marines, sailors and the entire landing force at Shanghai held a review of all forces in Hongkew Park on the morning of Jan. 4 when they were reviewed by Rear Admiral T. Sugisaka. Prior to the review Japanese sent official notification of their intentions to the Shanghai Muncipal authorities.

At a meeting of all high Japanese naval officers at the Kung Ta Cotton Mill Jan. 2 it was decided that all Japanese warships along the Yangtsze River should take precautionary measures for any emergency.

Feng Yu-hsiang Declines to Evacuate Kalgan

Marshal Feng Yu-hsiang, former Kuominchun leader, who was urged to leave Kalgan by the Peiping Branch Military Council on December 27, has not shown the least intention of complying with the request. His residing in Kalgan is considered as being responsible for the refusal of General Sung Cho-yuan, a former subordinate, to assume his post as chairman of the Chahar province. It is understood that Marshal Feng will not consider moving until the winter is over.

Heavy Casualties in Szechuen War

According to information from Szechuen published in the Chinese newspapers about 50,000 men were killed and 70,000 wounded in the recent civil war in that province. About 3,000 civilians were killed and an equal number wounded in the recent street fighting at Chengtu.

Chun San Institute to Spread Dr. Sun's Ideals

The early establishment of the Chun Shan Cultural and Educational Institute for the purpose of clarifying and popularizing the doctrines of the late Dr. Sun Yat-sen, is now having the close attention of a preparatory committee formed for the purpose. Sun Fo, son of the late Kuomintang leader, Dr. C. C Wu, former minister to Washington, Chang Ting-fang, former mayor of Greater Shanghai, Yeh Kung-cha, former minister of communications and Mayor Wu Teh-chen, who are members of the preparatory committee, received a representative gathering of local leaders in a tea and reception in the new Chinese Y.M.C.A., Boulevard de Montigny, on January 3, when the whole project was discussed.

U. S. Research Committee Recommends Six-Hour Day

National economic and social planning, better distribution of income to increase the purchasing power of the masses, and a six-hour day and five-day week in order to distribute employment are among the recommendations contained in the report made public on New Year's Day of the Research Committee of 500 investigators appointed by President Hoover three years ago to survey the whole American field. It declares that in the best years many millions of families have had a meagre living, and emphasizes that the influence of the church in the family is declining. Unless there is a speeding up of social invention, or a slowing down of mechanical inventions, grave maladjustments are certain.

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